82D CONGRESS
1st Session

SENATE

REPORT
No. 139

LABOR-MANAGEMENT RELATIONS IN THE BELL TELEPHONE SYSTEM

REPORT

OF THE

COMMITTEE ON LABOR AND PUBLIC WELFARE UNITED STATES SENATE

PURSUANT TO

S. Res. 140

(81st Cong., 1st Sess.)

A RESOLUTION TO INVESTIGATE THE FIELD OF LABOR-MANAGEMENT RELATIONS

TOGETHER WITH THE

Minority views of Mr. Taft, in which Mr. Smith of New Jersey and Mr. Nixon concur, and the additional individual views of Mr. Smith

FEBRUARY 27 (legislative day, JANUARY 29), 1951.—Ordered to be printed

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82D CONGRESS
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REPORT
No. 139

LABOR-MANAGEMENT RELATIONS IN THE BELL TELEPHONE SYSTEM [1]

FEBRUARY 27 (legislative day, JANUARY 29), 1951.—Ordered to be printed

Mr. MURRAY, from the Committee on Labor and Public Welfare, submitted the following

REPORT

together with the

MINORITY VIEWS OF MR. TAFT, IN WHICH MR. SMITH OF NEW JERSEY, AND MR. NIXON, OF CALIFORNIA, CONCUR, AND THE ADDITIONAL INDIVIDUAL VIEWS OF MR. SMITH

Pursuant to Senate Resolution 140, Eighty-first Congress, the full Committee on Labor and Public Welfare directed the Subcommittee on Labor-Management Relations to conduct an investigation of labor-management relations in the Bell Telephone System. That subcommittee, after making an investigation and holding public hearings, has submitted a report to this committee. Upon due consideration of that report, this committee adopts the report of the subcommittee, which is appended hereto.

The subcommittee report follows:

INTRODUCTION

As a result of charges by the Communications Workers of America, CIO [2] (herein referred to as "CWA"), and other labor organizations, that labor relations in the Bell Telephone System are bad, the full committee, on February 17, 1950, directed this subcommittee to investigate the state of labor-management relations in that system (H.[3] 1, 323).

[1] The digesting of the hearings and preparation of the original draft of this report were the work of Associate Counsel Joseph H. Frechill who also played a leading part in planning and conducting the investigation. Much of the work on the wage structure and statistics was performed by Staff Member Russell E. Stone. The sections on Bell System pensions are based on studies made by Staff Member Samue. C. Klein. Much of the legal and legislative research was done by Staff Member John Prothero.

[2] CWA is the dominant labor organization in the telephone industry, representing more than 300,000 o of the 550,000 union eligible employees in the Bell System. Its membership is spread throughout 46 States, and includes every class of union eligible employee in the Bell System, namely, telephone operators in the traffic department, plant employees, both inside and outside, as well as employees in the commercial, accounting, and engineering departments of the various Bell System companies (H. 3, 4, 5–10, 532). This union is an internationa. union affiliated with the CIO and operates through divisions, of which there are 39, each representing a group of employees comprising one or more appropriate bargaining units in one of the Bell System companies. At present, collective bargaining authority is centered in these divisions; but by recent amendments of the constitution of CWA, to become effective in April 1951 the internal structure of CWA has been changed to eliminate the division as a policy-making body of the union, and to centralize collective bargaining authority in the international (H. 62, 1011–1012).

[3] The symbol "H." will refer to the page numbers of the hearings before the Subcommittee on Labor-Management Relations of the Senate Committee on Labor and Public Welfare on Labor-Management Relations in the Bel. Telephone System, 81st Cong., 2d sess.

Pursuant to this directive, the subcommittee has held extensive hearings on the subject, in which both the Bell System management and certain of the labor organizations within the system have participated. More than 1,000 pages of testimony were recorded in 11 full days of hearings, which began on August 10, 1950, and were concluded on September 12, 1950.

On the union side, five witnesses testified for the CWA [4] (H. 2–249; 591–782), and one witness appeared for the Alliance of Independent Telephone Unions (herein referred to as the "alliance")[5] (H. 251–322). In addition, evidence by way of letters was received from the Union of Telephone Workers,[6] Telephone Employees' Organization,[7] Federation of Telephone Workers of Pennsylvania,[8] and Telephone Workers of Delaware[9] (H. 314, 315, 320–322).

For the Bell System management, seven witnesses testified, three of whom were officials of the American Telephone & Telegraph Co.[10] (herein referred to as "A. T. & T."), and four of whom were from other companies within the Bell System [11] (H. 323–590).

Testimony was also given by Russell E. Stone, a staff member of the subcommittee, on the wage structure of the Bell System (H. 782–805).

The charges that bad labor relations exist in the Bell System, made by all the labor organizations appearing at the hearings, were based on an alleged antiunion attitude on the part of the Bell System companies, and on the alleged inability of the unions to bargain effectively with the local Bell companies with which they are required to bargain (H. 10, 252, 314, 315, 320–322). This inability to bargain on the local associated company level, the unions charge, stems from the A. T. & T.'s alleged control over labor-management relations and labor policies in the Bell System. The unions claim that under present bargaining conditions, the local company management does not have complete freedom of action in the bargaining sessions, because of A. T. & T.'s control over final decisions on bargaining pro-

[4] The following are the witnesses who testified for CWA: Joseph A. Beirne, president, CWA (H. 2-249, 717–763); Sylvia B. Gottlieb, research and education director, CWA (H. 592–655); William M. Dunn, assistant to the president, CWA (H. 656–681); D. L. McCowen, president Southwestern Division No. 20, CWA (H. 681–704); and Joe M. Deardorff, western regional director, CWA (H. 705–717).

[5] The alliance, which was represented at the hearings by its president, Edward J. Moynahan (H. 251–320), is comprised of eight wholly autonomous independent labor organizations, which together represent about 100,000 employees in the eastern section of the Bell System (H. 251). These unions are as follows: United Telephone Organizations, representing all plant department employees of the New York Telephone Co., down-State area; Telephone Traffic Union of New York, representing all traffic department employees of the New York Telephone Co., down-State area; Telephone Employees' Association, up-State area, representing all traffic department employees of the New York Telephone Co., up-State area; Telephone Workers' Union of New Jersey, representing all plant department and accounting department employees of the New Jersey Bell Telephone Co.; International Brotherhood of Telephone Workers, representing all plant department employees of the New England Bell Telephone Co.; Up-State Telephone Employees' Association, representing all accounting department employees of the New York Telephone Co., up-State area; United Telephone Workers of Delaware, representing all plant department employees of the Diamond State Telephone Co.; Pennsylvania Telephone Guild, representing all nonsupervisory employees of the commercial department of the Bell Telephone Co. of Pennsylvania (H. 251–252).

[6] Union of Telephone Workers is an independent labor organization, representing 5,000 commercial and headquarters department employees in the down-State area of the New York Telephone Co. (H. 314–315).

[7] The Telephone Employees' Organization has a membership of 4,500 employees in the accounting department, down-State area of the New York Telephone Co. (H. 315).

[8] The Federation of Telephone Workers of Pennsylvania represents 7,000 employees of the Bell Telephone Co. of Pennsylvania (H. 320–322).

[9] This union is a member of the alliance (see p. 2, footnote 5, supra), but wished to draw to the attention of the subcommittee the fact that the position taken at the hearings by the alliance against national bargaining was not the unanimous view of all the member unions in the alliance (H. 322).

[10] The officials of the American Telephone & Telegraph Co. who testified were: W. C. Bolenius, vice president, American Telephone & Telegraph Co., in charge of personnel (H. 521–580); C. F. Craig, vice president, American Telephone & Telegraph Co., in charge of finance (H. 581–590); E. C. Allen, staff assistant in charge of wage analysis, personnel relations department, American Telephone & Telegraph Co. (H. 484–520).

[11] The four other witnesses who testified for the Bell System were: Mark R. Sullivan, president, Pacific Telephone & Telegraph Co. (H. 324–391); George C. Gephart, vice president in charge of personnel, Southwestern Bell Telephone Co. (H. 391–427); Erwin Robert McLaughlin, vice president in charge of personnel, New York Telephone Co. (H. 429–464); J. N. Stanbery, vice president in charge of personnel, Illinois Bell Telephone Co. (H. 465–484).

posals. Yet, according to the unions, A. T. & T. refuses to correct this frustrating situation, either by bargaining directly itself with the unions, or by refraining from influencing, by indirection, the collective bargaining process at the local associated company level (H. 10, 246, 252, 314, 315, 320–322). The unions presented strong and convincing evidence in support of their charges [12] (H. 2–322, 592–763).

The Bell System witnesses, on the other hand, denied that labor relations in the Bell System are bad, although Mr. W. C. Bolenius, vice president of A. T. & T. in charge of personnel, admitted that certain management practices, such as interfering in the internal affairs of the unions and influencing employees against a union by appealing to sectional prejudices were not conducive to good labor relations, and Mr. Mark R. Sullivan, president of the Pacific Telephone & Telegraph Co., testified that his company's relations with CWA are not what he should like to have them, though he intimated that this is the fault of CWA (H. 243–246, 373, 573, 576–577, 960–961; see pp. 19–20, infra).

The management witnesses also attempted to refute the charge that A. T. & T. controls labor-relations policies and collective bargaining in its associated companies (H. 324–590). It was their position that there is a plan of decentralized operation in the Bell System, under which each company operates as a separate corporation, managing its own affairs independently of the A. T. & T., and that A. T. & T. does not direct the affairs of any of these subsidiaries [13] (H. 329–330, 332, 334, 345, 530).

SUMMARY OF FINDINGS

This management position is not in accord with the facts developed at the hearings. Those facts demonstrate that any description of the local associated Bell companies as autonomous corporations is theoretical and can only be justified in the strictest legal sense, for, as the summary of the evidence that follows will show, these companies function as parts in a closely integrated corporate system completely and directly controlled by the A. T. & T. management. This A. T. & T. control flows from its stock ownership of most of the associated companies, from license contracts which it has with all the operating associated companies in the system, and from the long, continued control which A. T. & T. executives have exercised through the years over promotions and salary increases of administrative officers in the associated companies. This latter type of control has gradually built up within the Bell System a Nation-wide administrative staff

[12] While all the unions appearing at the hearings were in complete accord on their not being able to bargain with the level of Bell System management having authority to make decisions, they were not in full agreement as to the solution of the problem. Although CWA and some of the unions in the alliance, as well as the other independent nonalliance unions submitting evidence at the hearings appear to be ready and willing to bargain at any level of management at which good faith bargaining can be established, they believe that in view of the structure of the Bell System and the dominance of A. T. & T. in the system, the only real solution to collective bargaining in the Bell System is to establish bargaining on a system-wide or national basis (H. 19, 320–322). A majority of the independent unions in the alliance, however, are opposed to national bargaining, and request the subcommittee to find some means to require A. T. & T. to refrain from influencing the bargaining process in the local associated companies, and to make these companies bargain in good faith. No suggestions were advanced however, as to how this could be accomplished (H. 253, 304–311, 312, 313). This decision to oppose national bargaining appears to have been prompted by a fear that the independent unions in the system would be eliminated should bargaining take place on a national basis, although it was suggested at the hearings that perhaps the various unions representing different units in the system might each bargain with one unified system management bargaining agent (H. 257, 305–306). This decision to oppose national bargaining caused the Federation of Telephone Workers of Pennsylvania, which represents 7,000 employees, to withdraw from membership in the alliance (H. 320–322). The United Telephone Workers of Delaware and other unions in the alliance, while not withdrawing their membership, nevertheless voted against the decision of the majority to oppose national bargaining (H. 322). (For a list of the eight unions in the alliance, see footnote 5, p. 2, supra.)

[13] This position is apparently consistent with that taken by Bell System management on other occasions before the courts and various administrative and legislative bodies, but before the public, A. T. & T. has taken the position that the Bell System is one unified organization, which could be considered as one institution and one company (H. 17, 259, 262, 487; H. 313, subcommittee exhibit A pp. 107–110).

which is highly responsive to the suggestions and advice on policies and practices emanating from the A. T. & T. management staff. (See pp. 5–14, infra.)

The license contract which A. T. & T. has entered into with each of the operating associated companies implements the other methods of control and serves as an important and effective means by which A. T. & T. controls and coordinates the day-to-day operations within the system. Under the terms of the contract, A. T. & T., among other things, maintains a central organization for the rendition of certain essential services to these associated companies, including "active assistance, cooperation, and support" on a wide variety of matters, which include labor relations (H. 339, 340, 343, 345, 486, 492; H. 313, subcommittee exhibit A, pp. 625–632; see pp. 8–14, infra).

The management witnesses maintained at the hearings that the services performed by A. T. & T. under these license contracts are in the form of information, advice, and suggestions which are merely advisory and do not affect the responsibility of the associated company to make its own decisions (H. 339, 492, 528). But as long ago as 1939, the Federal Communications Commission, after an exhaustive 4-year investigation of the Bell System,[14] found that the influence of the A. T. & T. executives upon actual details of administration within the associated companies could be carried to any degree considered desirable by the A. T. & T. management (H. 313, subcommittee exhibit A, p. 115). As the summary of the evidence below will show, although the carrying out by the associated companies of A. T. & T.'s "advice" and "suggestions" may be accomplished with the required legal formality, the "advice" and "suggestions" nevertheless provide today, as effectively as they did in 1939, supervisory authority in the A. T. & T. management staff. (See pp. 8–14, infra.)

This controlling influence of A. T. & T., as the evidence shows, has had a direct effect upon the course of labor relations in the system. (See pp. 14–31, infra.) Much of this effect, under present bargaining conditions, is disruptive. For instance, there have developed among the various Bell companies uniform bargaining strategies and approaches which have slowed and thwarted the collective bargaining process on the local company level, until bargaining has steadily become less and less effective, and strikes and threats of strikes throughout the system are becoming more and more common. (See pp. 17, 22, 24, 28, infra.) Even as this report was being prepared, a segment of the system (Western Electric Co.) was in the throes of another strike.

The integrated wage structure that has been established in the system is another factor resulting from this closely coordinated control which has complicated collective bargaining at the local company level and engendered poor labor-management relations. Management insists that Bell System wage rates are based on the prevailing wage rates in each community, and that, therefore, bargaining on wage increases is a purely local matter which must take place on the local company level. But the evidence shows that the closely woven Bell System reflects itself in a wage policy extending beyond the local labor market areas in which the telephone exchanges exist, and as a

[14] This Federal Communications Commission investigation was made pursuant to Public Resolution No. 8 of the 74th Cong., at a cost of more than a million and a half dollars, and was published by the 76th Cong., 1st sess., as H. Doc. 340. (See H. 313, subcommittee exhibit A.) This investigation has been criticized by Bell System management as having been ex parte and one-sided, although the management witnesses made only one unsupported allegation at the hearings that a finding in the Commission's report was erroneous (H. 988).

means of maintaining stability to the system's wage structure, wage differentials have been established between the various Bell companies, as well as between the different wage areas within each company. These differentials are therefore factors for consideration in any bargaining on wage changes, and this fact prompted the national telephone panel, in applying the wage-stabilization policy of World War II to the telephone industry, to conclude that "any realistic application of wage policy to the telephone industry must take into account the existence of the Bell System itself." [15] (H. 313, subcommittee exhibit B, p. 16; see p. 29, infra.)

The coordinating influence of the A. T. & T., and its concomitant effect on the collective bargaining process, is even more apparent in the case of the pension plans of the Bell companies. These plans are uniform throughout the system and provide for the interchange of benefit credits of employees transferring from company to company. The plans are merged, through this interchange arrangement, into one general system plan, which makes it impracticable for the unions to bargain with respect to changes in the plan at the local company level, because a change in any one company's plan would disrupt the general plan. The futility of bargaining on pensions under these conditions becomes even more evident when the union doing the bargaining represents the employees of only one department of a single company. The evidence shows no attempt on the part of the Bell System management to correct this situation, although the Bell companies say they recognize that pensions are a proper subject matter for bargaining. (See pp. 30–31, infra.) In fact, the companies have refused to do any real bargaining on pensions and have made uniform unilateral changes in the plan from time to time. (See pp. 30–31, infra.) The repeatedly unsuccessful attempts of the various unions throughout the system to bargain on pension changes over the last several years has materially worsened labor-management relations in the system. (See pp. 30–31, infra.)

While the evidence does show an effort on the part of Bell System management to establish good relations directly with the system's employees in what the unions term "a paternalistic way," the record is replete with instances such as outlined above showing no such effort to have good relations with the unions which represent these employees (H. 369–372, 433, 438, 439, 447, 550, 554, 849; see pp. 14–31, infra). In fact, the whole history of labor relations in the Bell System reflects an attitude on the part of the Bell System management which has not been conducive to good labor-management relations. (See pp. 14–31, infra.)

A summary of the evidence showing the organization of the Bell System and the effect of that organization on labor-management relations in the system follows:

ORGANIZATION OF THE BELL TELEPHONE SYSTEM

Over a span of many years the Bell System has been developed into a highly integrated and closely coordinated system of telephone communications, which spreads throughout the entire United States,

[15] The national telephone panel was a tripartite body established by the War Labor Board in 1944 for the purpose of settling labor disputes in the telephone industry under the national economic stabilization program. The panel was composed of six members, of whom two represented the public, two represented labor, and two represented industry, one of whom was from the Bell System (H. 313, subcommittee exhibit B, p. 4).

serving more than 34,000,000 telephones in all parts of the country (H. 13, 14, 987; H. 313, subcommittee exhibit A, pp. 103–122).

The four principal functions of the Bell System—management, research and development, manufacturing, and telephone operating—are carried on by the A. T. & T. and a network of 23 associated companies (H. 11, 17, 257–258; H. 313, subcommittee exhibit A, p. 103).

The management function is vested in the A. T. & T., which constitutes the coordinating and general policy-making body for its associated companies (H. 313, subcommittee exhibit A, pp. 103–106, 122, and B, p. 7; H. 774, subcommittee exhibit H, p. 967). A continuous research and development program, necessary to the progress of the system, is carried on by Bell Telephone Laboratories, which is owned 50 percent by A. T. & T. and 50 percent by Western Electric Co. (H. 12, 13, 258; H. 313, subcommittee exhibit A, pp. 103, 107, 121–122). The latter company, which in turn is owned by A. T. & T. through a 99.8 percent voting stock ownership, functions as the manufacturing, installation, repair, and supply source of the whole Bell System (H. 12, 258, 589; H. 313, subcommittee exhibit A, pp. 103, 106, 119–121).

The operating function of the system is carried on by the other 21 associated companies and the long-lines department of A. T. & T. (H. 11, 257–258). Each operating associated company furnishes local and long-distance telephone service within the geographical territory in which it is licensed by A. T. & T. to operate (H. 11; H. 313, subcommittee exhibit A, pp. 625–632). The extent of that operating territory ranges from a part of a single State to an area including as many as nine whole States (H. 13, 333, 391, 432, 465). These 21 companies extend over the entire United States (H. 13).

The long-lines department, which is owned outright and operated directly by A. T. & T., functions as an operating company in the rendition of interstate long-distance telephone service, and in the operation of leased wire and other special wire, radio, and television transmission service (H. 11, 16, 986–987).

The transmission lines of all these 21 associated companies and of the long-lines department connect to make one highly coordinated system of telephone communication, under the close and continuing coordination maintained by A. T. & T., pursuant to its license contracts with these operating companies (H. 340; H. 313, subcommittee exhibit A, p. 627).

So highly integrated and coordinated is this Bell System that by a mere flip of a switch a telephone operator in Oakland, Calif., can automatically operate switches in Boston or Chicago or New York or other distant cities throughout the country (H. 340). The system has been developed to the point that it is now considered to be the wealthiest and largest private employer in the world, with assets of nearly $11,000,000,000, and employing more than 600,000 men and women (H. 13–17).[16] The system has been characterized by a president of A. T. & T. as "one organic whole, research, engineering, manufacturing, supply and operation. It is a highly developed Nation-wide interconnected service," that can be considered "as one institution and one company" (H. 17, 258, 987).

[16] The Bell System is by far the largest system in the telephone industry. As of December 31, 1949, 82 percent of all the telephones in the United States were operated by the Bell System (H. 896). There were, as of that date, over 5,600 small independent companies and about 60,000 rural or farmer lines or systems in the United States in addition to the Bell System, but all of these combined served only 7,200,000, or 18 percent, of the telephones in the country (H. 986). The independent lines and systems, for the most part, all connect with the Bell System (H. 180, 391, 432).

This closely knit communications system has been developed by the parent A. T. & T. corporation through its majority stock ownership control of all but two of the associated companies, and through its license contract with each of the operating associated companies.

Of the 23 associated companies in the Bell System, A. T. & T. owns 100 percent of the common stock of 11 of the companies, and more than 99 percent of the stock of 6 others. In three of the companies, its stock ownership is 68, 81, and 91 percent [17] (H. 12, 14, 15, 257, 258).

The legal power to vote the A. T. & T.'s stock interest in the associated companies has been delegated to the president of A. T. & T., who thereby has the responsibility for the selection of the board of directors of each of the companies in which A. T. & T. owns a controlling stock interest (H. 23, 258; H. 313, subcommittee exhibit A, p. 110). In practice the stock has been voted by a proxy, which is given to the associated company president to vote at the annual stockholders meeting of his company (H. 325, 326, 328). This practice of voting by proxy avoids the necessity of having the president of A. T. & T. vote the stock in person, and at the same time, satisfies the legal formalities. No loss of control over the selection of directors results from this procedure, since the directors to be elected are first cleared with the A. T. & T.'s president before the proxy statement is prepared by the associated company management [18] (H. 328, 330).

In addition to this control over the selection of directors for the majority-owned associated companies, the president of A. T. & T. also controls the selection of the presidents of these companies who are the chief executive officers of the companies, vested by the bylaws of the companies with full responsibility and authority on all business matters, including collective bargaining and the power to have labor contracts executed on behalf of their companies (H. 328, 329; 313, subcommittee exhibit A, pp. 111–113). The Federal Communications

[17] The names of the associated Bell System companies and the percentage of the outstanding shares of the common stock of each owned by A. T. & T. are as follows (H. 14):

Bell System companies:	*Percent of shares outstanding owned by by A. T. & T.*
Bell Telephone Co. of Pennsylvania	100.0
Bell Telephone Laboratories	50.0
Chesapeake & Potomac of District of Columbia	100.0
Chesapeake & Potomac of Baltimore	100.0
Chesapeake & Potomac of Virginia	100.0
Chesapeake & Potomac of West Virginia	100.0
Cincinnati & Suburban Telephone Co	29.8
Diamond State Telephone Co	100.0
Illinois Bell Telephone Co	99.3
Indiana Bell Telephone Co	99.9
Michigan Bell Telephone Co	99.9
Mountain States Telephone & Telegraph	81.6
New England Telephone & Telegraph	68.9
New Jersey Bell Telephone Co	100.0
New York Telephone Co	100.0
Northwestern Bell Telephone Co	100.0
Ohio Bell Telephone Co	99.9
Pacific Telephone & Telegraph Co	91.8
Southern Bell Telephone & Telegraph	100.0
Southern New England Telephone Co	26.7
Southwestern Bell Telephone Co	99.9
Wisconsin Telephone Co	100.0
Western Electric Co., Inc	99.8
Total	91.4

[18] The selection of directors to fill board vacancies is initially made by the associated company president, who is a product of the "up-from-the-ranks" promotion policy developed in the system for the filling of management positions (H. 325, 326, 327, 328, 333, 373). After clearing the proposed directors with the president of A. T. & T., the associated company president prepares the proxy statement and discusses it with his board of directors, all of whom have likewise been cleared with, and are satisfactory to, the A. T. & T. president (H. 327, 328). Normally, a director serves for a number of years on one of these subsidiary company boards, and so, unless there is a vacancy to fill, the annual election of directors is purely perfunctory (H. 327, 328). There is nothing in this proxy procedure, nor in any of the other relationships between A. T. & T. and the associated companies which would justify the conclusion that A. T. & T.'s interest in the Bell System companies is that of a mere investor.

Commission, in its exhaustive 4-year investigation of the Bell System, found in 1939, among other things, that even the salaries paid to these subsidiary company presidents were likewise within the control of A. T. & T. (H. 313, subcommittee exhibit A, pp. 111–112). This is equally true today. A mere suggestion from the president of A. T. & T. will still secure an increase in salary for a subsidiary company president (H. 330).

A. T. & T.'s control over the selection and promotion of system personnel is not limited to these chief executives alone. It extends down to their subordinates as well (H. 25–29; H. 313, subcommittee exhibit A, pp. 112–113). The Bell System prides itself on the fact that the system is an "up from the ranks" industry (H. 771). All levels of supervision within the system have come from the ranks, including the company presidents themselves (H. 373, 771, 815–817). Promotions are not solely intracompany; they are also made on a system basis, as though each associated company were a mere department of the over-all system, rather than a separate, independent corporation. Promotional transfers of both major and minor executives from one associated company to another, and between the associated companies and A. T. & T., are commonplace, and those transferring from company to company carry with them their total Bell System employment and pension rights[19] (H. 25–29, 114, 262, 263, 369, 485, 486, 521, 522, 567, 568, 588, 815–817).

This movement of management personnel from company to company is guided and controlled by the central management staff of A. T. & T. The president of A. T. & T. is kept apprised by the associated company presidents of individuals in their companies showing unusual promise, and in turn the officers of A. T. & T. make suggestions to the associated company presidents as to whom should fill vacancies on their staffs (H. 388; H. 313, subcommittee exhibit A, pp. 112–113). Even the salaries of these lesser officers are kept consistent throughout the system through the coordinating influence of A. T. & T. officers (H. 30, 330; H. 313, subcommittee exhibit A, pp. 112–113). In this way, the A. T. & T. executives have gradually built up a closely knit, single-minded management staff throughout the system, which has shown a natural responsiveness to the suggestions and advice on policies and practices emanating from the central A. T. & T. management staff (H. 333, 486, 526; H. 313, subcommittee exhibit A, p. 115).

This sensitiveness to A. T. & T. suggestions and advice takes on particular significance in the administration of the license contracts which A. T. & T. has with each of the operating associated companies. These contracts serve as the medium through which A. T. & T. ties together the Bell System into one complete operating whole. Under the terms of these contracts each operating company is given a specified territory within which to operate, and is licensed to use all telephones, telephone devices, apparatus, methods, and systems needed for its telephone business which are covered by patents owned or con-

[19] Transfers between companies are not confined to management personnel; nonsupervisory employees also transfer from company to company, carrying with them all seniority and benefit rights accumulated by them during their entire Bell System employment. Such transfers are made either to meet the convenience of the employee or the needs of the business (H. 30, 349–350, 568). In cases of emergencies large numbers of employees have been transferred to the associated company operating in the troubled area from other associated companies in the system, as, for example, during an emergency in the last war when 7,000 employees were transferred to the Pacific company from several other Bell companies (H. 30–31, 349–350). These employees, for the most part, were secured through the recruiting facilities of A. T. & T. (H. 349). Such emergency transfers may be for a long or a short duration, and the employee may remain permanently in the company to which he is transferred, or return to his home company. The employee carries his employment and benefit rights with him as he moves from company to company. On a short-term transfer, the employee is kept on his home company payroll (H. 568).

trolled by A. T. & T., or which A. T. & T. may have the right to authorize it to use. A. T. & T., under the contracts, coordinates the physical operations of the system through its maintenance of proper connections between the transmission lines of the licensed associated companies, as well as between places within the territory of the licensed associated company which the latter is not authorized to connect. To make the operation of the system complete, the contracts also provide for the maintenance by A. T. & T. of a source of supply for standardized Bell System telephones and related equipment to be manufactured under its patents and sold to the associated companies. The manufacturing function for the Bell System is carried on by Western Electric Co., which operates almost solely as a physical production machine, with the parent A. T. & T. company having control over the exact specifications of its products, including the determination of the types and quantities it shall produce (H. 38–39, 589; H. 313, subcommittee exhibit A, pp. 119–121; see pp. 5–6, supra). Provision is also made in the contracts for A. T. & T.'s continuous prosecution of research in telephony, and the making of the benefits derived therefrom available to the associated companies [20] (H. 31–33, 339, 340; H. 313, subcommittee exhibit A, pp. 625–632).

The greatest impact of these license contracts upon labor-management relations in the Bell System results from the provisions in the contracts under which A. T. & T. furnishes to the operating associated companies functional services essential to the operation of the system. These services, which the Bell System management considers indispensable, pertain to all phases of the business of the operating companies, including labor-management relations, and are furnished by A. T. & T. through a central organization [21] which, as contemplated under the contracts, relieves the individual operating companies from the necessity of attempting to perform the services themselves (H. 339–341, 343–344; H. 313, subcommittee exhibit A, pp. 525–532).

The functional organization of the operating associated companies for receiving these A. T. & T. services is uniform throughout the system, each company having a separate department in plant, traffic, commercial, engineering, and accounting [22] (H. 334–335, 414; H. 313, subcommittee exhibit A, pp. 105–106). The central organization established by A. T. & T. maintains a direct contact with each of these functional departments in the associated companies through correspondence, circulars, bulletins, handbooks, field visits, telephone and teletype communication, and individual and group conferences

[20] The research and development function of the system is performed by Bell Telephone Laboratories. (See p. 6, supra.)

[21] The A. T. & T. is organized into two departments, the long-lines department, which furnishes interstate long-distance telephone service (see p. 6, supra), and a general department, which is broken down into several subdepartments headed by vice presidents. These subdepartments include finance, operations and engineering, legal, public relations, utilities, planning, and personnel. The personnel division, which directly deals with labor-management relations, operates through three sections performing services relating to labor relations; employment, training, and medical services; benefit studies, college relations, salary studies, and general department studies and salaries (H. 523–524).

[22] The plant department is responsible for the engineering and construction of the outside plant; the installation and disconnection of telephones; and the maintenance of the entire plant, including motor vehicles, tools, and other special equipment (H. 334).

The traffic department is responsible for the operation of switchboards and the movement of traffic through the dial equipment; the determination of the amount and arrangement of central office switching and interoffice trunks and intercity toll lines required, and for the operation of the company dining rooms (H. 334).

The commercial department is responsible for the operation of all business offices; the collection of revenues; the publication and distribution of telephone directories; and relations with independent and connecting companies (H. 334).

The engineering department is responsible for the engineering and design of building and central office equipment and is also concerned with technical advice in the engineering and construction of outside plants (H. 334).

The accounting department is responsible for rendering the bills for telephone service; preparing the payrolls and pay checks for employees; audits and records the receipt and disbursement of funds; and accounts for the construction or acquisition of plant and property and the cost of operating the business (H. 334–335).

attended by representatives of the associated companies and the parent A. T. &. T.[23] (H. 31–39, 339–344, 525–531).

The details of policy and practice in each of the major fields of associated company activity are under constant study by A. T. & T.'s central staff, which continually furnishes the companies with detailed instructions concerning new and better methods of providing telephone service. These detailed A. T. & T. instructions cover engineering, construction, installation, and maintenance practices, as well as other general departmental operating practices, and are furnished by direct contact with the functional departments within the associated companies, without the necessity of having the instructions cleared through the executive officers of the associated companies [24] (H. 33, 339, 340; H. 313, subcommittee exhibit A, pp. 115–116). Consistent with the natural responsiveness of the associated company management personnel to A. T. & T. instructions and recommendations, and in accord with the intention expressed in the license contracts that such services should be furnished by A. T. & T., rather than performed by the operating associated companies themselves, the practices, methods and standards contained in these A. T. & T. instructions and recommendations are accepted and put into effect by the operating companies, even though, as the management witnesses maintained at the hearings, the companies, in a strictly legal sense, may be free to, although they never do, challenge such instructions and recommendations and refuse to put them into effect [25] (H. 340, 342; H. 313, subcommittee exhibit A, p. 627).

The nature of collective bargaining in the Bell System is such that the associated companies cannot, with respect to bargaining matters, operate in a vacuum, and this fact was recognized by management witnesses at the hearings (H. 338). The "active assistance, cooperation, and support" of the A. T. & T. central management staff in such matters are indispensable to the associated companies (H. 339).

The provision in the license contracts which most directly affects labor relations in the Bell System provides that A. T. & T. will furnish to the licensed operating company:

> Active assistance, cooperation, and support in connection with the adoption from time to time by the licensee of such measures as will, in the judgment of the parties hereto, best protect and preserve the health and promote the well-being in employment of the employees of the licensee and, in other ways, conserve the high quality of its service to the public through the maintenance of a stable, contented, and efficient personnel (H. 340).

The "active assistance, cooperation, and support" furnished by A. T. & T. under this provision, like the services performed by A. T.

[23] Each operating associated company pays to A. T. & T. a certain percentage of its revenue for the services rendered to it by A. T. & T. under the license contract. The amount thus received by A. T. &. T. is today less than the costs of performing the services, but the necessity of the services for the maintenance of an efficient and integrated Bell System makes the losses worth while to A. T. & T. (H. 526).

[24] Mr. Sullivan, president of the Pacific Co., testified that in his company, which is rather typical, he need be advised in advance of decision by his department heads only on broad questions affecting earnings or the company's ability to render service (H. 328, 338, 523).

[25] A. T. & T.'s control over the finances of the associated companies is equally effective. The construction budgets of the associated companies are first cleared with A. T. & T. before being put into effect (H. 388; H. 313, subcommittee exhibit A, pp. 114–115). A. T. & T. also advances funds needed by the associated companies in their operations (H. 313, subcommittee exhibit A, pp. 114–115). A recent A. T. & T. prospectus involving the issuance of A. T. & T. debentures showed that a portion of the proceeds derived therefrom would be used for advances to the associated companies, and for the purchase of stock to be offered for subscription by such companies. A. T. & T. plans a rate structure for its associated companies sufficiently high to bring in a certain net return on investment as a means of enabling the sale of A. T. & T. stocks and bonds in the most favorable market (H. 37). To achieve this, A. T. & T. exercises a dominating influence in the local rate proceedings of the various associated companies (H. 35–37, 590; H. 313, subcommittee exhibit A, pp. 118–119). The presidents of the associated companies have discussed with the management staff of A. T. & T. their proposed dividends prior to the declaration of the dividends by the company (H. 387). The centralized control of A. T. & T. in financial matters is further indicated by the unified approach of all the associated companies in selling A. T. & T. stock to Bell System employees on a salary-deduction basis (H. 37).

& T. under the other provisions of the license contracts, take various forms. Staff and training material on labor relations, in the form of bulletins and circulars, flow continually from the personnel staff of A. T. & T. to the various associated companies (H. 341, 342). The personnel vice president of A. T. & T. and his staff members make field visits to the associated companies, but do not, they say, actively participate in the bargaining sessions in any company, although they may be within the company's territory while the bargaining sessions are in progress (H. 341, 530). From time to time, personnel conferences are called by the personnel vice president of A. T. & T., at which representatives of all the associated companies and of A. T. & T. are present (H. 530, 531). Problems relating to labor-management relations within the system are thoroughly discussed at such conferences and a clear understanding of the problems reached, resulting at times in a uniform course of action being followed by all the Bell companies with respect to the labor-relations matters under discussion, as in the case of the uniform unilateral increase in pension payments throughout the Bell System in 1949 (H. 530, 531). Through these and other media the associated companies look to the "active assistance, cooperation, and support" of A. T. & T.'s central staff, with its close and expert experience in labor relations matters within the Bell System (H. 339).

Private telephone and teletype systems are maintained throughout the Bell System for the exclusive use of the associated companies and the A. T. & T. management staff, which enable the Bell System executives to have quick and ready access to each other at all times (H. 35, 531, 532). The Bell System management makes use of these Nationwide communications systems for the purpose of discussing labor matters, and the policies and positions to be followed by the individual companies in their negotiations with the unions (H. 35, 531, 532, 535). During the course of bargaining negotiations, the individual companies are in constant contact with A. T. & T.'s central management staff (H. 35, 341, 343, 531, 532, 535). Bargaining sessions are often interrupted by the companies at critical times during negotiations, to enable the management negotiators to have the company's position in the bargaining checked with A. T. & T.'s central staff (H. 35, 341, 343, 531, 533, 535). The A. T. & T. staff, either on request of the individual companies or on its own initiative, keeps the negotiating companies advised of the day-to-day status of bargaining negotiations in other associated companies throughout the system, and furnishes material and arguments to be used in the bargaining sessions (H. 35, 341, 343, 531, 532, 533, 535).

At the hearings, the management witnesses characterized this "active assistance, cooperation, and support" given by A. T. & T. to the associated companies as merely information, advice, and suggestions, which are purely advisory and do not affect the responsibility of the associated company to make its own decisions[26] (H. 339, 340, 343, 528, 530, 532, 534).

[26] The management witnesses recognized that it is as much the responsibility of the associated companies to put into effect the practices, methods, and standards suggested by A. T. & T. for the physical operation of the system, as it is the companies' ultimate responsibility for labor relations decisions, and yet these witnesses admitted that A. T. & T.'s suggestions on such practices, methods, and standards are uniformly followed by the companies (H. 340). The companies contend that the administration of personnel is a matter tied to local conditions and requires more decentralization of action than matters dealing with physical operations (H. 340). The unions, on the other hand, have brought to the attention of the subcommittee many matters in the field of labor-management relations regarding which negotiations can only be practicable on a system-wide basis, such as pensions, vacation practices, holiday practices, seniority practices, arbitration, the entire wage structure, particularly the progression schedules, the impact of technological changes upon job security, and the entire subject of lay-offs (H. 134, 322; see footnote 30, p. 16, infra).

While the associated companies may have the legal responsibility to make their own decisions, in making these decisions their closely knit management personnel, which, as shown above, is highly sensitive to the controlling influence of A. T. & T., has responded to the advice and suggestions of A. T. & T.'s staff on matters in the field of labor-management relations as completely as in the field of physical operations. (See pp. 7–10, supra.)

For example, in 1946, the controlling influence of A. T. & T. averted a system-wide strike and effected a uniform wage increase throughout the system. By early 1946, labor relations contracts had been negotiated for about two-thirds of the Bell System. Seventeen unions in the system, all members of the National Federation of Telephone Workers (herein referred to as NFTW), the predecessor of CWA, refused to accept the $3, $4, and $5 pattern of wage increase offered by the companies, and prepared to strike. Through the efforts of the United States Conciliation Service, C. F. Craig, the then personnel vice president of A. T. & T., and Joseph A. Beirne, president of NFTW, were brought together and reached an agreement to the effect that the negotiations then going on in the long-lines department of A. T. & T. would be settled, and that the dollar pattern in that settlement would be applied to the associated companies. Craig assured the union of this agreement and Beirne assured Craig of the agreement (H. 126–132, 265–267, 321, 364, 368, 399–401, 581–588, 683–684, 718–726).

After being hopelessly deadlocked for months at the local company bargaining level, all the associated companies involved came to agreement with their unions within a matter of hours after Craig and his office had asked the companies whether they would accept the Craig-Beirne agreement, which resulted in a wage pattern for the Bell System of $5, $6, $7, and $8.[27] The associated companies that had previously negotiated contracts which paid their employees less than was offered under the Craig-Beirne agreement, all reopened their contracts and applied the Craig-Beirne agreement (H. 126–132, 265–267, 321, 364, 399–401, 581–588, 683–684, 718–726).

Again in April 1950, when the Bell System was faced with another paralyzing strike, the controlling influence of A. T. & T. made itself felt and the strike was avoided. The CWA, which had become the successor of NFTW, had threatened to have its members throughout the Bell System go on strike unless the unwilling associated companies came to terms with the union on its wage demands. After an all-night conference between CWA and A. T. & T. officials, Mr. W. C. Bolenius, the present personnel vice president of A. T. & T., was able to get the union leaders to agree to call off the strike and withdraw many of the union's demands, including a demand for a general wage increase, and to accept in return a wage progression schedule shortened from 8–8½ years to 6½ years. After the all-night session, Mr. Bolenius telephoned all the associated companies and advised them of his discussions with the union leaders. Shortly thereafter, bargaining was resumed in the companies and the 6½ years wage progression schedule became the uniform pattern throughout the Bell System (H. 267, 314, 556–559, 678, 728–730, 733–734).

[27] In the Wisconsin Telephone Co. the union negotiators apparently received word of the national settlement prior to the company negotiator, who kept insisting on the $3, $4, and $5 pattern, until he was called from the bargaining session and was given his instructions to agree to the $5, $6, $7, and $8 pattern (H. 131–132).

This controlling influence of A. T. & T. over Bell System wages has been manifested through the uniform pattern of action of the associated companies in many other instances. In the 1947 bargaining, for example, there was a uniform approach by all the companies in proposing local arbitration (H. 134–135). Also, in that year NFTW utilized a policy committee to direct the bargaining negotiations of its member unions (H. 138). To defeat this approach, the associated companies uniformly insisted, as a condition to their bargaining on wages, that the unions agree to bargain independently of the policy committee (H. 136–137). After NFTW's policy committee was dissolved, a uniform pattern of wage agreements emerged from the associated companies (H. 132–139).

In 1948, and again in the 1949–50 bargaining, a similar uniformity of approach was followed throughout the Bell System. Vice President Craig of the A. T. & T., in early 1948, told the unions that he believed that the associated companies would not look with favor on wage improvements and would want security through contracts for more than 1 year. Subsequently, 3-year contracts with two reopenings were offered by the companies (H. 140–143). Mr. Bolenius, who succeeded Mr. Craig in 1948, as A. T. & T.'s personnel vice president, indicated to the unions that wage increases in the system, as far as he could determine, would not be possible until the fall of that year, and that then the increases might range from zero to $7. Starting after Labor Day in that year, all the unions received wage increases ranging from zero to $7 (H. 142–143). Again, in the 1949–50 bargaining, all Bell companies took identical positions in opposing any wage increases; and while the companies had uniformly proposed arbitration in 1947, they uniformly opposed arbitration in 1949, as no substitute for bargaining (H. 145, 157–159, 845–846, 857–870). The companies also took the same position in the 1949–50 bargaining that union wage statistics based on United States Bureau of Labor Statistics figures and the report of the President's Steel Fact-Finding Board were of no use in making wage determinations (H. 156, 261, 273, 486–498, 532, 623–624, 627, 628, 646–648, 842–847). And as shown above, all the associated companies reduced their wage progression schedule in 1950 to 6½ years.[28]

Another striking example of the oneness of the Bell System and the controlling influence of A. T. & T. over its operation is to be found in the uniform treatment of pensions in the system. The A. T. & T. and all of the associated companies have identical pension plans, which are merged, through interchange agreements, into one general, uniform plan for the whole Bell System (H. 355–356). Even the trust funds under these plans are deposited for investment with the Bankers Trust Co. of New York under identical trust agreements (H. 388, 823–828).

[28] Mr. Sullivan, president of Pacific Co., admitted in his testimony that postwar wage increases have been uniform throughout the Bell System both as to the amount of the increases and as to timing (H. 363). He attributes the uniform increase in amount to the postwar era of rounds of wage increases which he says has generally shown a uniform increase in all companies within the same industry, and the uniformity in timing to delaying tactics of CWA in bargaining (H. 363, 367). But this explanation does not answer the fact that the wage increases throughout the Nation-wide Bell System were in rather strict uniformity, notwithstanding the Bell System companies' stated uniform wage policy of paying wages that are comparable to the prevailing wages in the community, which the companies contend vary greatly in different parts of the country (H. 362, 385, 386, 387). Such precise uniformity in the 23 different associated companies and A. T. & T. spread, as they are, throughout the country, can best be explained by the guiding influence of A. T. & T. through its constant study of wages and day-to-day "advice" and "suggestions" to its subsidiaries on wage matters. (See pp. 10–13, supra.) And blaming the delaying tactics of CWA for the timing of these uniform wage increases does not account for the same timing in those associated companies in which some 200,000 or more Bell System employees are represented by the unions in the alliance, and other independent, AFL and CIO unions, many of which are opposed to CWA (H. 251–322).

Since the establishment of these pension plans in 1913, there have been 13 amendments to the plans, and in each instance the amendment has been uniformly and unilaterally made by all the companies at the same time (H. 356, 360). On three occasions, the changes have involved an increase in minimum pension payments, and in each case the increase in amount has been uniform throughout the system (H. 357).

This and other evidence [29] in the voluminous record demonstrates that control over the unified Bell System and its operation, including labor-management relations, is directly centered in A. T. & T. through its majority-stock ownership in, and contract control over, the various associated companies, which together with A. T. & T. make up the Bell System. As acknowledged by the management witnesses, it was the purpose of A. T. & T. in securing this ownership-contract control "to get some kind of a system which would be effective" (H. 529); and so necessary is this control to the effective operation of the system that were A. T. & T. to be required to divest itself of such control the effect upon the system would be disruptive (H. 329).

EFFECT OF BELL SYSTEM ORGANIZATION ON LABOR-MANAGEMENT RELATIONS IN THAT SYSTEM

The unified structure of the Bell System and A. T. & T.'s control over that system have had a direct effect upon labor-management relations within the system. The history of labor relations in the system indicates that there has developed on the part of the Bell System management a much different attitude in its direct relations with the employees in the system than in its relations with the labor organizations which represent those employees. The evidence indicates that management has made a definite effort to build good relations with its employees (H. 369–372, 433, 438, 439, 447, 550, 554). There does not appear to have been the same effort made toward establishing equally good labor relations with the labor organizations that have been in the process of development in the system over the past several years (see pp. 14–31, infra).

HISTORY OF UNIONISM IN THE BELL SYSTEM

Except for one or two union contracts that the A. F. of L. affiliated International Brotherhood of Electrical Workers was able to obtain and hold sometime after the turn of the century, no really successful labor organizing occurred in the Bell System until after the National Labor Relations Act had been held to be constitutional by the United States Supreme Court in 1937 (*NLRB* v. *Jones and Laughlin Steel Co.*, 301 U. S. 1; H. 42–45). Prior thereto, employee organizations in the system were, for the most part, employee representation plans and associations sponsored by the Bell companies (H. 42–44). These plans and associations had their beginnings in a directive issued in 1919 by the Postmaster General, under whose direction the telephone

[29] For example, when the occasion has arisen A. T. & T. has even prepared standard form letters to be used by all the associated companies (H. 390, 425, 820–821); and the close similarity in the newspaper advertisements used by the various Bell companies during wage negotiations and strike periods reflects the "active assistance, cooperation and support" of A. T. & T.'s public relations staff, which advises the associated companies on such matters as newspaper advertising, often furnishing the mats to be used (H. 199–200, 390, 484, 873–914). For other uniform action by the associated companies evidencing A. T. & T. control over labor relations in the Bell System, see pp. 16-19, 21-31, infra.

industry had been placed during World War I. The directive appears to have resulted from a telephone strike caused, at least in part, by the firing of telephone employees for union activity. The directive ordered that employees in the telephone industry be given the right to bargain, either individually or collectively, with the telephone companies (H. 42–44).

Immediately after the issuance of the Postmaster General's directive, and the recognition of unionism embodied therein, the vice president of A. T. & T. announced the formation of the American Bell Association (H. 43–44). For 16 years thereafter, company formed and fostered employee representation plans and associations continued in the system (H. 44). The purpose of these organizations was to improve working conditions and discuss grievances which the employees might have with the company. Each Bell company provided the funds, services, and control for its association, and all employees of the company automatically became members (H. 44; see *Labor Board* v. *Southern Bell Telephone Company*, 319 U. S. 50).

When the National Labor Relations Act was about to be passed in 1935, certain changes were made in these company-sponsored employee plans and associations in anticipation of the passage of the act, such as initiating the collection of dues from members, but basically the structure and officers appear to have remained much the same (see *Labor Board* v. *Southern Bell Telephone Company*, 319 U. S. 50, 52, 53–54).

In the 2-year period between the passage of the Labor Relations Act and the Supreme Court's holding of the act to be constitutional, the attitude of the Bell System companies appears to have been one of hope and conviction that the statute would be declared unconstitutional, and this philosophy was imparted to the system's employees (H. 44–45). Telephone workers as a group are not militant unionists, the large majority of them being women, most of whom are hired as young girls just out of high school and living at home with their parents (H. 178, 179, 480, 502, 607–608, 962). It became the general feeling that telephone workers were doing well enough and did not need outsiders coming in to organize and speak for them (H. 44–45). This feeling was developed, in large part, during company training classes, as well as at social functions, such as bowling and other office parties and get-togethers attended by both management and nonsupervisory employees (H. 46–47). Time off from work on union business was accorded to officers of these company representation plans and associations, but no such privileges were given to those trying to organize unions affiliated with either the A. F. of L. or CIO (H. 47).

After the Supreme Court's decision in 1937, upholding the constitutionality of the Labor Act, the representation plans and associations in the companies were replaced by some 184 unions, which sprang up within the unusually short space of a few months all over the telephone industry (H. 45). Recognition of these unions by Bell System companies appears to have been quickly secured, and contracts easily negotiated. Methods for handling grievances were immediately established (H. 45). Some of these unions were charged before the National Labor Relations Board, and found by that Board, to be company dominated; and the Board's rulings in these cases were

upheld by the United States Supreme Court (*Labor Board* v. *Southern Bell Telephone Company*, 319 U. S. 50; H. 46, 686, 989).

In 1939, 25 or more of the unions in the Bell System formed NFTW, a loose confederation in which each union remained autonomous, with no limitation on its right to negotiate contracts (H. 48–50, 469). Each union sent delegates to a national assembly and paid dues on the basis of its membership (H. 469). None of the Bell companies raised any question of recognition when NFTW was formed, and delegates had no difficulty in getting time off to attend NFTW national conventions (H. 48, 50). NFTW grew in strength in the years that followed, although from time to time unions withdrew their membership (H. 470, 471). By 1947, there were 49 independent Bell telephone company unions in NFTW (H. 132).

As the years passed, whatever domination or influence the Bell System companies had over the independent unions in NFTW disappeared, and a struggle between the companies and the unions began to develop. Experiences in the 1945–46 and 1947 bargaining negotiations demonstrated the basic weakness in NFTW's structure resulting from the complete autonomy of its unions, and showed the need for a more unified approach in bargaining (H. 126–132).

In December 1945 NFTW had agreed upon certain wage and other demands to be sought by all the member unions, but by February 1946, 32 of its unions, acting independently of one another, had signed contracts for less than the agreed upon demands (H. 126, 962, 963). The remaining 17 NFTW unions continued to press for the demands that had been agreed upon, but being confronted with the wage pattern that had emerged through contracts negotiated by the other unions, they failed to reach agreements with their companies and a strike deadline was set for March 7, 1946 (H. 126). The wage agreement for the system, reached shortly before the strike deadline, between A. T. & T.'s Vice President Craig and NFTW's President Beirne, which has been mentioned above, not only averted the strike, but accomplished a wage increase in the space of a few hours for all the employees in the system, which was higher in amount than any which the other 32 NFTW unions had been able to negotiate in their individual company bargaining negotiations. It became necessary to reopen the contracts of these 32 unions, as well as those of other unions not affiliated with NFTW, in order to accord all system employees the full benefits of the Craig-Beirne agreement and maintain uniformity in the system's wage structure (see p. 12, supra; H. 126–132).

In the light of this effective system-wide bargaining from one central point, NFTW set up a policy committee to coordinate the bargaining of its unions in the 1947 negotiations (H. 132–133, 138). But the Bell System companies were determined not to have the national bargaining of 1946 repeated (H. 133). The demands of the NFTW unions in 1947 included 10 national items [30] which the unions believed affected all Bell System employees (H. 133). In the first months of bargaining negotiations in 1947, none of the Bell System companies would bargain on any of these 10 items, and A. T. & T. officials likewise refused to make any commitments with respect to them (H. 133, 134, 138). Finally, the telephone workers voted to authorize their officers

[30] These 10 national items were: (1) Wages; (2) union security; (3) narrowing of area differentials; (4) reduction in the number of town classifications; (5) shortened wage progression schedules; (6) service assistant's title and job description; (7) jurisdiction of work clause; (8) provisions for treatment of union officers and representatives; (9) improved vacation plan; and (10) improved pension provisions (H. 134).

to call a strike, and the central policy committee of NFTW was empowered to set a strike date upon a favorable referendum of the members (H. 133, 138). The strike was set for April 7, 1947, and on that day, some 375,000 Bell System employees went on strike (H. 133, 135).

Just prior to, and during the early weeks of, the strike, the companies agreed to take a position on wages, 1 of the 10 national items, but the uniform position of the companies was that no wage increases were justified, although they would all agree to local State arbitration by persons selected by the governors of the States, providing the arbitrators based their findings on the companies' community wage theory (H. 134–135).[31] The unions rejected arbitration on the terms specified by the companies [32] (H. 135).

After the strike had been in progress some 6 to 7 weeks, the Governor of Minnesota pressured the Northwestern Telephone Co. into making a wage increase offer (H. 135, 209–212). But before the company would make any offer, it required the union with which it was bargaining to withdraw from the policy committee which had been set up by NFTW to deal with the dispute (H. 136–137, 994). Identical action was taken by every company in the Bell System (H. 136). The effect of this uniform action was to divide NFTW into segments and thereby weaken the effectiveness of union bargaining (H. 49–50).

When the Northwestern Co. finally made its wage-increase proposal, NFTW disbanded its policy committee, and shortly thereafter all the associated companies began offering the same increase (H. 139). The strike was settled on the uniform pattern of $2, $3, and $4 per week in all the companies throughout the Bell System (H. 139).

The long duration of the 1947 strike left NFTW prostrate (H. 51). The strike demonstrated again the weakness of NFTW's internal structure, for as the strike wore on, NFTW's autonomous union members began to break away and sign contracts, resulting in the collapse of the strike (H. 49, 50).

The 1946 convention of NFTW had laid the ground work for curing this structural defect, when it voted a change in its internal structure, subject to ratification by referendum. A new constitution was adopted abolishing the loose federation of autonomous unions, and creating increased centralized powers in a single international union under the new name of Communications Workers of America. The individual unions were to be known as divisions, retaining the power to negotiate contracts, which would be subject to the approval of CWA's executive board (H. 50, 51, 53, 54, 470, 471). Only 9 of the 49 unions in NFTW refused to become a part of CWA (H. 471).

[31] The Bell System companies took their case to the public during the strike in the form of newspaper advertisements, in which they openly opposed any attempts to settle the questions at issue on a national basis, and in which they assured the public that a wage increase was not justified (H. 135, 157–159, 857–861). Actually the strike was finally settled on a uniform national wage pattern of $2, $3, and $4 per week increase, which was termed by Mr. Walter S. Gifford, the then president of A. T. & T., to be "fair" (H. 135, 139). With respect to the fairness of the settlement, the companies point out that the increase granted reflected increases given in other industries in the last 2 weeks in April 1947, but the advertisements in question appeared as late as April 24 and 28, and the unions cite wage increases in other industries even prior to the time the strike was called (H. 857–861, 993–1008). The advertisements also point up the uniform offer of the companies for local State arbitration, a position diametrically opposite from that taken by all Bell companies in 1949, when they stated that arbitration is no substitute for bargaining (H. 157–159), and one which would have divided the NFTW unions into segments and destroyed the national bargaining approach established by NFTW through its policy committee (H. 157–159, 857–861).

[32] It appears that later in the strike the Secretary of Labor suggested some form of national arbitration which the companies refused, and which the unions would not accept without certain clarification that was not received within the time limit set by the Secretary for acceptance of his proposal (H. 153).

The referendum overwhelmingly declared the desire of telephone workers to belong to CWA, and the new structure became effective in June 1947 (H. 50, 470).

Although A. T. & T. and its associated companies raised no question of recognition when NFTW was formed, they did question this 1947 change in its internal structure (H. 50–51, 54, 56). As soon as the change-over from NFTW to CWA had become effective, every Bell System company required that a demonstration be made to its satisfaction, showing that its employees wanted CWA as their bargaining agent (H. 50–51).

In some instances, union dues, deducted by the companies pursuant to payroll deduction cards voluntarily signed by union member employees, were impounded without the request of the employees, and the normal functioning of grievance procedures was suspended (H. 50). This occurred only a month or two after contracts, embodying provisions for dues deduction and grievance procedures, had been negotiated between the companies and the unions, with full knowledge by the parties that the structural change was to become effective in June of that year (H. 50–51, 53, 56).

The unions had advised the companies that the change was purely internal and would not affect contractual relationships with the companies; the old unions, it was explained, would become known as divisions of CWA, and the same individuals who were officers in the unions would serve as officers of the divisions, with the same responsibilities, functions and jurisdiction as they had in the old unions (H. 50, 51, 54). Even the same national officers of NFTW were up for reelection at the first CWA convention in June 1947, and most of them were reelected (H. 50, 51). Each company, nevertheless, sought new recognition by insisting that new payroll deduction cards of 51 percent of the company's union-eligible employees in each bargaining unit be presented to the company as evidence that the employees wanted CWA to represent them; after some time and effort, CWA complied, and normal functioning under the contracts was again resumed [33] (H. 51, 52).

In 1949, CWA was again faced with the uniform opposition of the Bell System companies when by referendum its membership voted to become affiliated with CIO. This time no change, internal or otherwise, was involved. CWA remained wholly autonomous, with no change in the jurisdiction or officers of its divisions, all of which had recognition contracts with the companies (H. 56–58). The companies, nevertheless, uniformly demanded new evidence to show that a majority of the union-eligible employees were in favor of CWA's affiliation with CIO (H. 57). The personnel vice president of A. T. & T. had indicated that he would not be adverse to suggesting to the operating companies that they accept new deduction cards signed by 51 percent of the union-eligible employees as a means of establishing recognition (H. 62). The companies advised CWA's officers that the card method

[33] President Beirne of CWA testified that the action of the companies in impounding dues and stopping the grievance machinery had deprived the union for months of its full income and of the means of handling grievances and he charged that the companies had taken this action for the deliberate purpose of further weakening the union, with the hope that after the long, exhausting strike, employees would become disgusted with unions, and CWA in particular (H. 51, 52). Witnesses for the Southwestern and Illinois Bell Cos. attributed the action of their companies, in requiring CWA to present proof of representation, to a desire to protect the companies and their employees, although these companies were aware that the 9 unions representing those groups of employees in the Bell System which were not in favor of CWA had withdrawn from CWA, and that employees, all of whom had voluntarily signed the wage-deduction cards, could revoke the company's authority to make further dues deductions if they were not satisfied with CWA (H. 392–395, 469–475).

of proving representation would be acceptable (H. 57). CWA did sign up the necessary number of cards in two of its divisions to show the companies that it could be done, and then refused to sign up the other divisions,[34] on the ground that new recognition was not legally required, since there had been no change in the character of the union (H. 58, 59). Upon this refusal, the companies involved all proceeded at about the same time to file with the various regional directors of the National Labor Relations Board throughout the country 35 identical petitions requesting new representation elections (H. 58, 59, 62, 396, 478). Recognition of CWA was canceled by all these companies; union dues were again impounded; and the grievance procedures were stopped (H. 62, 63). The companies notified their employees that the refusal of the companies to deal with CWA would have no effect on wages, hours of employment and other working conditions (H. 62, 63).

The petitions for election filed by the companies were all dismissed by the Labor Board, on the ground that existing contracts between the companies and the divisions constituted a bar to an election (H. 58–63, 396). The Michigan Bell Co.'s petition, which was identical with all the other petitions, had been selected by the Board as the test case, and was the first to be dismissed (*Michigan Bell Telephone Company*, 85 NLRB 303). The other companies, however, did not accept that case as a precedent, but rather each company waited until its petition had been dismissed by the regional director handling its case before recognition was again accorded CWA (H. 58, 59, 62, 63, 478).

With each step that CWA has taken to strengthen its internal structure, the struggle between the union and the Bell System management has become more intensified, with a consequent worsening of labor relations in the system. The latest step occurred at CWA's June 1950 convention, when the delegates adopted further changes in CWA's internal structure through constitutional amendments which were approved by a 3 to 1 referendum vote of the membership (H. 239, 1011–1012). According to the union, "the approval of these constitutional amendments constitutes the last step in the change of organization from a confederation of autonomous local unions to a single, integrated international union with sufficient authority and control to better enable it to meet with the Bell System monopoly on a basis of equality" [35] (H. 1011–1012).

These constitutional amendments were closely followed by the Bell System management, and a program to defeat them was inaugurated by the companies prior to CWA's convention, and was continued through the completion of the referendum of the union's membership (H. 239, 935–961). The supervisory staffs of the companies were thoroughly instructed on the effect of the amendments, and were kept fully informed of the internal proceedings of the convention, through instruction classes and bulletins,[36] which had for their purpose, the

[34] 2 divisions had recognition contracts terminable on 60 days' notice, and the companies had given notice of their intention to cancel. In these circumstances, these two divisions agreed on an election (H. 59). The companies insisted that nonmembers as well as members of CWA vote on whether CWA should become affiliated with CIO, and in both instances, the vote in favor of affiliation was much larger than in the previous intraunion referendum (H. 59).

[35] These constitutional amendments, which will become effective at CWA's next convention in April 1951, provide for the administration of finances at 2 levels—local and international; an international convention composed of local delegates; the elimination of the division as a policy-making body of the union; the centralization of collective bargaining authority in the international; and international supervision and financing of all activities of the union above the local level (H. 1012).

[36] President Beirne of CWA characterized these bulletins as containing information that was both erroneous and slanted (H. 239–242, 245, 246, 935–961).

discrediting of the union leadership as being irresponsible, and the influencing of union-eligible employees against the union (H. 239–242, 245, 246, 935–961).

For example, in the Northwestern Bell Co., it was stressed that management had the job to do "of building intelligent responsibility in the union at the grass roots—among the rank and file members, your employees" [37] (H. 242–243, 947). And other companies appealed to the sectional prejudices of their employees to defeat the amendments.[38] The Southern Bell Co., for instance, in its August 4, 1950, Personnel Information Digest, stated that the constitutional changes were of interest to both management and nonmanagement employees, and that if the changes were ratified by the employee members of the union, the employees would "be required to support activities outside of the South whether or not such activities are for their benefit," and "members will have less freedom of choice in political matters such as FEPC legislation" (H. 244–246, 960–961).

Mr. Bolenius, personnel vice president of A. T. & T., agreed on questioning that such interference by the companies in the internal affairs of the union,[39] and appealing to sectional prejudices, do not contribute to good labor relations in the Bell System [40] (H. 573, 576–577).

This history of the evolution over the past 30 years of the main core of organized labor in the Bell System, from the completely company dominated employee representation plans in 1919, to the highly centralized, militant CWA union of 1950, with all the attendant struggles and conflicts that have ensued, demonstrates the oneness of the Bell System management approach under the unifying influence of the A. T. & T., and shows that the attitude toward real unionism on the part of the Bell System companies has been one that is becoming more openly unfriendly, and which is engendering a like attitude

[37] The supervisory staff was further told that:

"The percent of union members who are actively concerned with their union's actions may not be very large. Unless the majority of your people who belong to the union want a responsible union there won't be one.

"How can they get a responsible union? They will get it first, by seeing their own self-interest in this business as you see yours; and, second, by catching some of the contagious faith you have to spur their own best judgment into action to see that the majority gets what it really wants out of this business—the same things you and I want.

"Now, what are we going to do about it in this district?

"Discussion of things the supervisors can do personally and as a team.

"Discussion of best ways to go about reaching these objectives.

"Formulation of a district plan for the ensuing 4 to 5 months" (H. 947).

President Beirne of CWA testified that the "4 to 5 months" referred to above would, as to timing, carry through the 1950 CWA membership referendum on that union's constitutional changes (H. 243).

[38] The companies have appealed to such prejudices in other connections also, such as the Pacific Co.'s newspaper advertisements during the 1950 wage negotiations when CWA's officers were referred to in the advertisements as "Eastern union leadership" (H. 887).

[39] While Mr. Bolenius testified that the companies have no business interfering in the internal organization of the union, he thought that the companies did have a legitimate interest in the organization of the unions to the extent that organizational changes disturbed dues deduction cards and other items in the contract with respect to which the companies had a contractual obligation; but this interest is understood to be merely one of keeping informed and does not include attempts, such as those appearing in company bulletins, to influence the management and nonmanagement employees against the desirability of such changes (H. 573, 935–961).

[40] This company interference in union affairs has not been limited to CWA (H. 241, 940–941). The Bell Telephone Co. of Pennsylvania, for instance, in June 1950, addressed a circular letter to all its plant employees in an attempt to influence them to vote against a union shop, in an election which the Federation of Telephone Workers of Pennsylvania, an independent union, had petitioned the National Labor Relations Board to conduct, under the authority of the Taft-Hartley Act, among the union-eligible employees in the company's plant department (H. 940–941).

The Bell System companies have been uniformly opposed to a union shop; so much so that the New York Telephone Co. refused to allow a union shop vote to be taken on its property. And after the National Labor Relations Board had conducted the election off the property of the company at great expense to the union and the Government, the company refused to bargain on the matter, even though the employees had voted 10 to 1 in favor of a union shop (H. 311, 458, 731–733). The company management told the officials of United Telephone Organizations, the union involved, that even if 99.9 percent of the ballots were for a union shop, the company would not grant it unless forced to do so (H. 311).

by the unions toward the companies (H. 41–249, 251–322, 399, 560–565).

COLLECTIVE BARGAINING IN THE BELL SYSTEM

Perhaps the greatest deterioration in labor-management relations in the Bell System is taking place in the actual process of collective bargaining. There are at present 112 bargaining units in the system, of which 55 are represented by the 39 divisions of CWA, 45 by independent unions,[41] 10 by A. F. of L. unions, and 2 by CIO unions other than CWA (H. 532; H. 805, subcommittee exhibit R). The bargaining units in the associated companies range in size from a group of employees in a single department in one of four different operating areas of the Pacific Co., to a group composed of the union-eligible employees in all the departments of the Southern Co., whose single bargaining unit covers nine whole States (H. 94, 465, 469, 482, 726). Some companies have one union representing several separate departmental units; whereas other companies have a different union for each of their departments (H. 430, 466). The long-lines department of A. T. & T., which extends across the entire Nation, operating in 41 States and the District of Columbia, has one bargaining unit represented by CWA (H. 5–10, 454, 677; H. 805, subcommittee exhibit R).

The witnesses for the various unions appearing at the hearings all testified to the futility of bargaining with the local company managements; still other unions submitted written evidence to the same effect (H. 75, 126, 141, 146, 147, 155, 192–194, 209–212, 247, 252, 260–262, 265, 267–272, 314, 315, 321, 683, 685, 687–689, 691–692, 702–703, 705–716, 845–846, 848, 851). Negotiating contracts with the companies under present conditions, the unions claim, is always a long, drawn-out, fruitless process, consuming months and months of time without any real accomplishment. Not until after the lapse of as much, sometimes, as 8 or 9 months of negotiating do offers begin to be made by the companies. These offers emerge from the companies at about the same general time and fall into a uniform pattern throughout the system, all of which, the unions claim, is not coincidental, but rather reflects the close coordination of labor relations within the system under the guiding influence of A. T. & T.[42] (H. 75, 126, 141, 146, 147, 155, 192–194, 209–212, 247, 252, 253, 255, 256, 260–262, 264–265, 267–272, 314, 315, 321, 683, 685, 687–689, 691–692, 702–703, 705–716, 845–846, 848, 851; see pp. 5–14, supra.)

The experience of CWA in negotiating contracts in the Washington-Idaho area of the Pacific Co. is indicative of the length of time that can elapse before real improvements in wages and working conditions can be secured for employees in the system. CWA represented the employees in the plant department in that area under a contract that expired in May 1948 (H. 160). In November 1947 CWA was also certified by the National Labor Relations Board as the bargaining representative of the commercial and traffic department employees

[41] Eight of the independent unions are members of the alliance. (See p. 2, footnote 5, supra.)

[42] The unions complain that company negotiators have no real power to make decisions and always meet union demands for wage increases with the statement that no increase is justified, and that the company has made wage surveys that show that the company's wage rates compare favorably with those paid by other employers in the same community for similar work. This approach is uniform throughout the Bell companies and continues through months of bargaining sessions. Union statistics are ignored and the companies will not produce their wage survey data (H. 144, 155, 194, 260–262, 271, 314, 315, 321, 440, 994).

in that area (H. 160, 380, 706). Simple recognition contracts for the commercial and traffic employees, which merely kept in effect for them current wages and working conditions to the date of the termination of CWA's plant department contract in May 1948 were not negotiated until February 1948 (H. 160, 380, 706–707). Shortly thereafter CWA began separate negotiations for improvements in the wages and working conditions of all three groups of employees, and, later in 1948, when it also became the bargaining representative for the accounting department employees in the area, similar negotiations were started for that group (H. 160, 381, 709). Not until June 1950 was the union able to negotiate a contract covering wages and working conditions for the plant employees in the Washington-Idaho area, the first such contract for that group since 1947, and up to the date of the commencement of the hearings, no contracts had yet been negotiated for the other departments of the area [43] (H. 163, 167, 168, 716).

Strikes and strike threats have repeatedly been resorted to by the unions before contract settlements have finally been reached (H. 685). In 1946 a system-wide strike was threatened after several months of unsuccessful bargaining at the local company level, and was averted only by the Craig-Beirne agreement at the A. T. & T. level, which resulted in contract settlements throughout the system within a matter of hours (H. 483; see pp. 12, 16, supra). And in 1947, more months of unsuccessful bargaining negotiations with the local companies actually led to a 6-week-long system-wide strike, which again was finally settled on a uniform basis throughout the system [44] (see pp. 16–17, supra).

Regardless of which union is bargaining or the length of time consumed in negotiations, when a decision is made by the Bell System companies to make offers, uniform settlements follow shortly thereafter for all the unions in negotiation. In March of 1948, some of CWA's divisions, as well as other independent unions, began bargaining negotiations with various Bell System companies (H. 141, 268–269, 456). Bargaining sessions continued for 6 months without results. Since A. T. & T.'s personnel vice president had indicated that increases

[43] This period of more than 2 years of unsuccessful bargaining in the Washington-Idaho area had many complications. The union, which has continually sought, against the Pacific Co.'s objections, to represent all four of the company's Washington-Idaho area departments as one bargaining unit, as is the case in the company's Oregon area, carried on separate unsuccessful bargaining negotiations in each of the four Washington-Idaho area departments throughout 1948 and into 1949 (H. 159, 160, 161, 163, 381, 382, 707–709, 715). Restiveness of the employees resulted in work stoppages at several points in the area in March 1949, and shortly thereafter the company canceled all four contracts (H. 161, 381, 709–710). The reason given by the company for this action was based on what it termed the unrealistic refusal of the union 5 months previously to accept a wage offer, which refusal, the company said, had deprived the employees of a reasonable wage increase (H. 382). This offer was made in October 1948, when, as predicted by A. T. & T.'s personnel vice president, wage offers were being made by all the companies throughout the system; at this time the Pacific Co. was making general wage offers which, it says, were accepted by all other unions in the company except CWA in the Washington-Idaho area (H. 381, 382, 709). The union claims that it refused to accept the offer made in the Washington-Idaho area because it would have resulted in down grading nearly all the towns in the area (H. 164, 709). The company, after terminating CWA's contracts, gave unilateral wage increases to the employees that had been covered by the contracts (H. 164).

By December 23, 1949, the union and the company had negotiated a settlement agreement in which the company agreed to recognize CWA as bargaining agent in any of the four departments in the Washington-Idaho area in which a majority of the employees selected CWA to represent them (H. 163, 164, 382–383, 714, 871). By March 29, 1950, satisfactory proof of representation of the plant, traffic and accounting employees had been furnished to the company (H. 383). The plant department contract was negotiated while these subcommittee hearings were in progress on August 26, 1950, for the traffic and accounting departments (H. 385).

[44] Mr. Gephart, personnel vice president of the Southwestern Co., contended that an agreement could have been reached much earlier in 1947 if the union had been as realistic in its demands at the beginning of negotiations as it was toward the end, although he admitted that his company would not have made a wage offer prior to May 1947, no matter what demands the union made, because its position prior thereto was that no wage increase was justified (H. 415-416). The company made its first wage offer on May 10, 1947, and an agreement was reached with the union on May 17, 1947 (H. 412, 416).

in wages might be forthcoming in the fall of the year, other CWA divisions started negotiations after Labor Day under the reopening clauses in their contracts (H. 142–143; see p. 13, supra). Starting after the middle of September, as had been predicted by A. T. & T.'s personnel vice president, the companies began making offers, and soon thereafter, the unions that had just begun negotiations were able to negotiate contracts as readily as those unions which had been bargaining for 6 or 7 months (H. 142–143, 268–269, 456).

In the 1949 bargaining negotiations the Bell companies again presented at the bargaining sessions, and continued to maintain throughout the sessions, the same uniform position that no wage increases could be justified, each company relying upon the community wage theory, which the system management claims is the basic wage policy of the Bell System (H. 143, 144, 835). Out of this bargaining stalemate came the series of events which led eventually to this investigation by the subcommittee.

In November of 1949, all the Bell companies followed a course of action with respect to their pension plans that greatly weakened mutual confidence and understanding between the companies and the unions (H. 426). On November 18, each company requested a meeting with officials of the unions representing the company's employees, to be held at 11 a. m. on November 21,[45] at which time the union officers were told that as of November 16, minimum pensions had been increased from $50 to $100. The companies also announced to the union officers that letters to that effect were, that afternoon, being sent to all company employees (H. 80, 82, 83). At the time this action was taken several divisions of CWA, representing some 80,000 employees, were actively bargaining, and one of their demands concerned increased pensions (H. 143, 835). The courts had held, and the companies say they recognized, that pensions are a proper subject for bargaining (*Inland Steel* v. *NLRB*, 336 U. S. 960; H. 104, 283, 353, 420, 483). Unions which were not bargaining, as well as those which were bargaining, protested this uniform, unilateral pension change by the Bell System management, and filed unfair labor practice charges with respect thereto with the National Labor Relations Board [46] (H. 835–836).

Bargaining was still stalemated in December 1949, and the CWA division in the Southwestern Bell Co. was authorized by its membership to establish a strike date (H. 143–144). To avoid the strike, the governors of the six States in which the Southwestern Co. operates proposed arbitration, which was accepted by the union, but was rejected by the company (H. 143–144).

After the beginning of January 1950, more divisions of CWA opened bargaining negotiations, and President Beirne entered into correspondence with the president of A. T. & T. requesting that A. T. & T. either enter into direct bargaining negotiations with CWA, or recommend arbitration to the associated companies (H. 147–155, 837–842). The companies did not accept either proposition and CWA

[45] The meeting with the union representatives in the Southwestern Co. was held at 8 a. m. in San Antonio, Tex., because the union's convention was being held there and it was not convenient for the union representatives to be in St. Louis, where the company had originally contemplated holding the meeting, at 11 a. m. (H. 422).

[46] These unfair labor practice charges were dismissed, not on their merits, but for technical noncompliance with section 9 (h) of the Labor-Management Relations Act of 1947 (H. 774, 777, 1002, 1012). See in this connection the subcommittee's study of Some Effects of the Separation of Function in the National Labor Relations Board, pp. 7–8 and 19–23, wherein the reasons for dismissal of these charges are discussed.

announced a strike to begin February 8, 1950 (H. 153, 155, 838). The strike was postponed for 30 days at the request of the Director of the Federal Conciliation and Mediation Service, and again for 60 days at the request of the President of the United States (H. 153, 155). On April 24, President Beirne of CWA and Vice President Bolenius of A. T. & T., together with members of their staffs, had an all-night discussion of the matters in dispute, the outcome of which was the calling off of the strike by the union and a settlement which resulted in a uniform reduction of progression schedules throughout the system [47] (see p. 12, supra).

In the course of these 1949–50 bargaining negotiations, relations between the Bell System management and CWA worsened considerably, and both sides resorted to inflammatory action (H. 198–249, 561–565, 873–965). The record shows that the union did not really want a strike and believed that it was not ready for one, but, having lost all faith in being able to negotiate improvements in the wages and working conditions of the system employees represented by it, CWA nevertheless prepared for a strike on February 8, 1950 (H. 561–565; Daily Proceedings, 4th Annual Convention, CWA, pp. 99–118). To implement the effectiveness of the strike, which would have been difficult to enforce because of the dial system in the industry and the large management force available to man the switchboards in case of a strike, CWA called upon the CIO to assist in the strike by over-use of telephones during the strike period (H. 562–564). This action gave rise to a flood of newspaper editorials condemning what the editorials termed "jamming" the telephones (H. 562). According to Mr. Bolenius, A. T. & T.'s personnel vice president, these editorials were not inspired by A. T. & T. so far as he was aware, although he said he could not speak for the associated companies as to such editorials (H. 562, 564).

In the meantime, the Bell System companies were attacking CWA and its demands in newspaper advertisements, management bulletins, and so-called "captive audience" meetings which employees were required to attend during working hours (H. 71–72, 198–249, 419,

[47] The companies do not deny that bargaining negotiations have been long, drawn-out affairs, but the management witnesses blame the CWA for the delays (H. 361, 363, 368, see footnote 28, p. 13, supra). This does not explain similar frustrating bargaining experiences by other unions in the system which are not affiliated with CWA, and which are strongly opposed to CWA (H. 251–321, 473; H. 193, CWA Exhibit 30). Some of these unions represent Bell System employees in companies which do not even have contracts with CWA divisions, and which are in widely seprated parts of the system (H. 314, 315, 321, 442; H. 193, CWA Exhibit 30).

The management witnesses contended that CWA either makes unrealistically high demands or else no specific demands at all (H. 363, 368; H. 193 CWA Exhibit 30). CWA claims that after the companies had criticized the union demands in newspaper advertisements published during the 1947 negotiations, as being exorbitant, the union ceased making specific demands and instead presented statistical data at the bargaining sessions to show that a wage increase was warranted, and then tried to get the management either to bargain out the amount of increases or submit the question to arbitration (H. 172–174, 857–862). When in the 1949–50 negotiations the companies complained about the lack of specific demands, CWA asked for a 15-cent package wage increase, but the companies continued to take the same position that they had in all other bargaining negotiations that no wage increase was justified (H. 146).

Mr. Bolenius, in his testimony, quoted a portion of the report made to the 1950 CWA convention by CWA Vice President Aaron Thomas Jones, who was in charge of the union's 1949–50 bargaining program, to show that delays in the 1949–50 bargaining were really caused by the union (H. 560). The quotation, which is cited out of context, does not support the charge, because Mr. Jones, at that point in his report, was merely explaining that divisions had been selected for bargaining which did not have the "bear trap" clause in their contracts, that is, a limitation of 30 days within which to complete bargaining negotiations (see p. 99, Daily Proceedings, 4th Annual Convention, CWA, CIO). The union did not want its divisions in the early stages of bargaining to be forced to take or leave whatever the company might offer during the 30-day period and thereby set a low pattern for all the other employees whose divisions would be entering negotiations at a later period (see p. 99, Daily Proceedings, 4th Annual Convention, CWA-CIO). The divisions with 30-day bargaining clauses which were advised not to exercise the wage reopening clauses in their contracts were not in bargaining and so could not have delayed the bargaining negotiations. It does appear that the Maryland Division of CWA, which was in litigation with CWA over internal union affairs, did make allegations that in the last days of the 1949–50 bargaining period, they were instructed to delay (H. 560).

479, 572, 873–965). The union's leadership was criticized in newspaper advertisements, some of which incensed the union membership because they carried misleading statements as to wage rates and told the public that wages could not be increased without increasing telephone rates, although the companies have never raised the question of ability to pay in wage negotiations, and A. T. & T. has declared a $9 dividend each year since before the depression[48] (H. 145, 155, 436, 679, 857–914).

The poor labor relations generated by the 1949–50 bargaining negotiations, together with the antagonism of the Bell System management toward the latest change in CWA's internal structure, presents an unhappy outlook for labor-management relations in the Bell System if present conditions are allowed to persist.

WAGE STRUCTURE IN THE BELL SYSTEM

Wage rate determination is one of the items of greatest importance in collective bargaining, and among those which cause the most friction between labor and management in the Bell System.[49] According

[48] Mr. McLaughlin testified that to maintain this dividend rate, which the system claims is vital to the financial structure of the system, it was necessary in 1949 for the New York company to use surplus funds (H. 35–37, 436).

[49] The companies have criticized the unions publicly during bargaining negotiations for not, as they contend, supporting union demands with basic wage data, but the unions claim that they have presented much statistical material at bargaining sessions which management negotiators would not recognize (H. 173–174, 260–262, 268, 591–655, 877, 880, 912). CWA's research director, Sylvia B. Gottlieb, who at various times has personally participated in bargaining negotiations in at least seven different Bell System companies, introduced at the hearings, as exhibits, voluminous samples of the various types of material which her union has presented time after time at bargaining sessions without avail (H. 592–655). These exhibits include statistics showing historical wage comparisons between the telephone industry and other industries, and between telephone wages in particular communities and other industries in the same communities, as well as statistical data showing real wage, cost-of-living, minimum budget and other wage comparisons The sources of this material have included the U. S. Bureau of Labor Statistics; Steel Board's fact finding report to the President of September 10, 1949; termination report of the National War Labor Board; National Association of Manufacturers 1950 Business Outlook; Business Week, for April 17, 1948; and Report for the Business Executive No. 575, Washington, D. C., February 22, 1950 (H. 594–600, 604, 606, 610, 612–613, 616–617, 618, 619, 622, 626, 627).

A part of this wage data shows that the real earnings of the telephone worker on a gross average hourly earnings basis were lower in June 1950 than they were in 1939, and that when compared with workers in other industries, the earnings position of the telephone worker has deteriorated appreciably since 1939 (H. 624–630).

Mr. E. C. Allen, wage analyst for the A. T. & T., took issue, at the hearings, with the soundness of these particular statistics, which were based on BLS gross average earnings figures, and in so doing, expressed views which Mrs. Gottlieb testified were the same as those presented in bargaining negotiations by each of the associated companies with which she had come in contact (H. 592).

Mr. Allen's basic criticism of these statistics is that BLS average earnings figures cannot be used to measure changes in wage rates, although there are no available figures by which the relative wage rate standing of a telephone worker can be measured with the wage position of other industrial workers except by the use of average earnings figures; intra-industry wage rate comparisons only afford an opportunity of comparing the telephone worker with himself (H. 487–488, 501–502, 506, 630).

Mr. Allen also criticized the use of average earnings figures on two other grounds. He took the position, first, that average earnings in the Bell System during the war and postwar periods were pulled down by the large increase of new employees in the lower steps of the system's progression schedules (H. 501, 503–504). No evidence was presented to show the effect, if any, of the postwar full employment era on average earnings in other industries, except that management witnesses testified that the turn-over in the Bell System has been low in comparison with other industries, and that what turn-over there is has been in the lower progression schedule steps, the large majority of the employees tending to remain in the system (H. 501–504, 803). Secondly, Mr. Allen criticized the union's average earnings figures as being meaningless because prior to April 1945, when BLS started a new series of figures for the telephone industry, the hourly earnings data for the industry were not strictly comparable with those for other industries. He contended that no method has been devised, that he knew of, by which proper comparisons of that kind could be made (H. 487–490, 493–498, 517). The union presented evidence to show that BLS, in its publication, Wage Movements—War and Postwar Trends, had made adjustments in the telephone earnings data to bridge the April 1945 break in the series, and that in an arbitration case, the Bell Telephone Co. of New Jersey conceded that the change in reporting methods to the BLS in April 1945, had not changed the average hourly earnings figures by more than 2.8 percent (H. 645, 647).

Although union statistical sources, such as the President's Steel Fact Finding Board, apparently had not thought it necessary to make a statistical adjustment correction in the telephone figures for the purpose of making historical comparisons of the level and movement of the earnings of workers in various industries, the subcommittee's staff, under the supervision of Russell E. Stone, nevertheless made such an adjustment in a study of the ranking of earnings for the telephone industry, in relation to 123 individual manufacturing and nonmanufacturing industries for the period May 1939 to May 1949, based on BLS figures (H. 785–798).

There was no selectivity in the subcommittee's staff study; it included all the industries reporting to BLS for which figures were available both in 1939 and 1949 (H. 785). The study showed that the telephone industry had dropped in rank from twenty-second place in 1939 to seventh-fifth place in 1949, as to average

to management witnesses, the basic wage policy of each Bell System company is to pay wages which are in good relationship with those paid in general in the communities where each company operates, for work requiring comparable skills, knowledge, training and ability (H. 362).[50] It is the application of this theory that has been the greatest cause of frustration at the bargaining table. The companies uniformly meet union wage demands with the statement that their unilateral company wage surveys show that telephone wages compare favorably with those paid by other employers in the community for like work, but the companies refuse to allow the unions to examine source material on the ground that it is confidential (H. 144, 155, 168–172, 175, 177, 260–262, 268, 994, 1008). In answer to a question by Senator James E. Murray, chairman of the subcommittee, as to the reason for the Bell System not wanting to grant a wage increase during the 1949–50 bargaining, CWA's President Beirne said:

> Senator, the reason given in the collective-bargaining sessions is always the same; they say it this way: "We have made a wage survey, and we find that the wages we pay compare favorably to the wages paid to other workers doing like jobs in the communities in which we operate." When we say to them, "Let us see your statistics that justify this position, let us see the results of that study that you say you have made, the survey you say you have made"; we have never seen any of that. I don't doubt that they spent time making a wage survey. I question very seriously the accuracy of the conclusions they reach as a result of their survey. But we don't know what companies they survey; we don't know what jobs they survey; we don't know why the jobs were picked that they are surveying; we don't know how deeply they went into the matter of wages in a particular city; we don't know whether the workers that they survey are union-

weekly earnings adjusted, and from sixteenth place in 1939 to sixty-seventh place in 1949, as to average hourly earnings adjusted (H. 785–798). The study also showed that all the highest 22 industries in 1939, with the exception of the telephone industry, ranked among the top 25 industries in average hourly earnings in 1949 (H. 782–792).

Mr. Allen presented evidence to show that between April 1945 and May 1950, the average hourly earnings of the telephone worker had increased 49 percent and the cost of living in the same period went up only 32.7 percent (H. 513, 514). He also presented statistics to show that during this same period, the average earnings of nonsupervisory telephone employees increased 49.2 percent as compared with 38.2 percent for production and related workers in the "all manufacturing group" (H. 515). These figures do not reflect the relative position of the telephone worker prior to and during World War II. William M. Dunn, who was a member of the National Telephone Panel and Commission in 1945, and a member of regional War Labor Board panels prior thereto, testified that it had been necessary for the Commission to grant wage increases in 1945 to practically all telephone workers in the Bell System on the "gross inequities" theory. Under this theory it was intended that only the lowest paid 20 percent of the workers in the Nation would receive wage increases, and that these increases to the telephone workers were not as great as were given to other employees even in that stabilized period (H. 656, 657, 664, 666, 668–669). The increases reflected in Mr. Allen's figures for the postwar period, according to Mr. Dunn, do not present a true picture of the telephone worker's wage standing since they were built upon the relatively low wages paid to him in the war and prewar years (H. 668–669, 798, 799, 804). Mr. Allen has presented some evidence to show that the relative wage position of the telephone worker in the 1941–45 period was good, but the subcommittee's staff has had some difficulty reconciling his figures (H. 517–519; see letter to Mr. Allen from Mr. Stone, dated Nov. 20, 1950, and Mr. Allen's reply in his letter to Mr. Murdock of Dec. 7, 1950). Mr. Allen testified that he placed no faith in his average earnings figures, for the same reason that he gave in criticizing the union's use of that type of figures, namely, that average earnings figures are not a proper measure of changes in wage rates (H. 514, 516).

As to wage rate increases, Mr. Allen showed that the wage rates of telephone workers had increased 102.3 percent on the average between 1939 and 1949. This figure was weighted with the Bell System's 1949 force composition; using the 1939 work force, which would seem to be equally fair, the figure would be 88.7 percent instead of 102.3 percent. The BLS consumers' price index for that period, according to Mr. Allen, had risen 69.2 percent (H. 509, 514, 519). Mr. Bolenius submitted statistics at the close of the hearings to show that in June 1950 the telephone operator's gross average weekly earnings exceeded those of production and related workers in every manufacturing industry employing more than 70 percent women, and that as of October 31, 1949, the telephone operator's gross average hourly earnings exceeded those of production and related workers in every manufacturing industry employing 50 percent or more women (H. 578–579). Union statistics are at variance with these figures and show that, on an over-all basis, gross hourly earnings in the telephone industry have not kept pace with corresponding increases in the cost of living for the period from 1940 to June 1950 (H. 622–624). In this connection, during the hearings, the subcommittee received a card from a Western Electric installer in Sacramento, Calif., stating that his average net wages were $49 per week, and that his weekly expenses for rent, food, insurance, baby, etc., came to $48.29. This expense figure did not include entertainment and clothing (H. 601–602).

[50] The companies say it is their policy to try to fit telephone wages into the community wage pattern, but not to establish the pattern (H. 433). Mr. McLaughlin, personnel vice president of the New York Co., admitted that telephone employment in any particular community is relatively small, and does not have much, if any, impact on community wages, but stated that for the telephone company to establish the community wage pattern might cause criticism by telephone customers, although he did not think that the majority of customers knew what the wage rates were (H. 435).

ized or not; we don't know whether they work for large employers or small employers; we don't know how many of them they have looked at. In fact, we know nothing about it, nothing that we could say would accurately reflect what the company does when it makes this local wage survey. But that is the only reason they give for denial of wage increases all of the time (H. 144).

Testimony to the same effect was given by Mr. Moynahan with respect to the bargaining experiences of the independent unions in the alliance (H. 260–262, 268).

The good faith of this wage negotiation approach of the Bell System management has been seriously brought into question by the unions, which claim that the management negotiators have no authority to make final decisions, and that they merely use the community-wage theory as a stalling tactic to help delay the bargaining process until A. T. & T., through its "advice" and "suggestions," is able to coordinate management's wage strategy (H. 144, 155, 168, 170, 172, 175–177, 182–189, 251–322; see pp. 7–14, 21, and footnote 42, supra.)

The history of wages in the Bell System has demonstrated that, while the community wage-level theory may have been adopted by the Bell System companies as their basic wage policy, that policy has not been effectively applied since, at least prior to World War II [51] and in view of the nature of the wage structure in the system, it could not be applied without seriously disrupting the present balance of that structure (H. 168, 170, 172, 182–189, 387, 526–527, 539, 570, 655, 658–681; H. 313, subcommittee exhibit B, pp. 7–25; see pp. 11–13, 16–17, 22–24, supra.)

Through the means of wage differentials, there has been developed throughout the system a closely interrelated wage structure (H. 526–527, 539, 570, 658–674; H. 313, subcommittee exhibit B, pp. 7–25). Key cities have been selected in each company, and intercompany wage differentials have been established and maintained between these key cities. Other differentials exist within each company between these same key cities and smaller towns and communities within the territory served by the company [52] (H. 188,670–674; H. 313, subcommittee exhibit B, p. 13).

[51] In the administration of wage stabilization during World War II, it was found by the War Labor Board and the Telephone Commission that the wage structure of the Bell System prevented the application of any wage policy based solely on prevailing community wages (H. 666; see p. 28, footnote 54, supra, and pp. 27–30, infra.) And in no year since the war has a community-wage policy been applied in the system (H. 666–667; see p. 13, footnote 28, supra.) In 1946 a national wage pattern resulted from the Craig-Beirne agreement, and a like uniform wage pattern emerged in the system after the 1947 strike. (See pp. 12, 13, 16, 17, supra.) Again, in 1948, wage increases ranging generally from zero to $7 were distributed throughout the system (H. 142, 541–543, 667). While the 1949–50 bargaining did not result in a general wage increase, the uniform shortening of the progression schedules throughout the system in 1950 resulted in wage increases of as much as $10 per week for employees, without any relation to the prevailing wages of the community (H. 558; see pp. 12–13, supra.)

That the community-wage theory has not been applied in the Bell System is further indicated by the fact that Milwaukee, Wis., the key city in the Wisconsin Co., had, as of January 1945, a lower minimum and maximum weekly rate range for telephone operators than any other key city in the Bell System. This wage position for Milwaukee is unsupported, according to the union, by the wage levels of other workers in the community (H. 539–541, 611, 655). In the Pacific Co., until 1948, there was only one wage schedule for plant craftsmen for the entire area from the Canadian border to Mexico, which covers six community-wage areas (H. 387). And there are numerous situations in which the territorial borders of Bell System companies cut across a single wage community, with the result that telephone workers of each bordering company living in the same community receive different wage rates (H. 570, 670).

[52] There is a considerable variation in wage differentials throughout the system. For instance, a $7-a-week differential exists between the highest and lowest starting rate for telephone operators in the system, and a differential of $17 a week between the highest and lowest maximum wage rate for telephone operators (H. 606). There are over 100 different wage schedules for the single job of telephone operator in the United States; over 40 of such schedules being in the Pennsylvania Telephone Co. alone, although that company operates only in one State (H. 601). There are eight different wage schedules for the single job of cable splicer in the Northwestern Co., whereas the Southwestern Co., operating in a territory with a much wider variation in economic conditions, has only six (H. 601). The job operations require the same work, fundamentally, whether a cable splicer, for example, works in Los Angeles or in New York; in the smallest town in Minnesota or in the smallest town in Florida (H. 678). These employees not only do the same work but they are interchangeable. In the case of an emergency, a cable splicer could be transferred from one part of the system to another and he would use the same standard tools and equipment in both places, and would go through the same work functions (H. 678).

An increase in the wage rates in one of these key cities has generally been reflected in a corresponding adjustment in the wage schedules of the other Bell System companies (H. 526–527,658–681; H. 313, subcommittee exhibit B, p. 13). To apply the community wage-level theory without relation to these wage differentials would throw the system's wage structure out of balance (H. 526–527).

It was to prevent just such a distortion in the system's wage structure that the Ohio Bell Co. took a position which led to the Dayton, Ohio, telephone strike in November 1944. This strike spread throughout Ohio and affected Detroit and Washington, D. C., and even threatened to become Nation-wide. The strike was precipitated by a situation that stemmed from a labor shortage in the Dayton area. In an attempt to alleviate the wage problems created by this shortage, the union tried, without success, to get the Ohio Bell Telephone Co. to agree to submit to the National War Labor Board a request for a voluntary wage increase for Dayton telephone operators. Instead, the company transferred operators into Dayton from elsewhere within the system and paid those transferees transportation and living allowances, which amounted, in effect, to an increase in wages. This "living allowance" was not a part of the basic wage structure, and the Dayton operators, who had to pay their living costs out of their wages, resented this inequitable treatment and went on strike. Had the community-wage level of Dayton been reflected in the company's basic wage rate for operators rather than in a living allowance, the traditional wage differentials between operators in Dayton and Cleveland, the key city of Ohio Bell, would have been seriously disturbed (H. 114–115, 673–674; H. 313, subcommittee exhibit B, p. xii).

This Dayton strike was a forerunner to the establishment by the War Labor Board of the National Telephone Panel [53] on December 29, 1944, to handle war labor disputes in the telephone industry [54] (H. 313, subcommittee exhibit B, p. xii; see p. 4, footnote 15, supra.)

The Panel, on which both the unions and the Bell System, as well as the public, were represented, spent its first 6 weeks studying the 125 pending telephone labor-dispute cases, from which it evolved a wage-stabilization policy, which was approved by the War Labor Board, for the handling of all telephone cases (H. 117, 658–681; H. 313, subcommittee exhibit B, pp. 7–25). In developing this wage policy, which had as its purpose the correction of gross wage inequities under the President's hold-the-line order, the Panel studied the Bell System's wage structure and found that—

> * * * the relationship between the various Associated Bell Companies has had an influence on the setting of wage rates and the changes in the wages in the past. As pointed out above, there has been sufficient unity of management policy in the Bell System so that related wage changes have usually been made whenever area economic requirements have necessitated wage adjustments. * * * The Panel is convinced that it would be unstabilizing for the Bell System as a whole if

[53] On June 15, 1945, the National Telephone Panel became the National Telephone Commission (H. 659; H. 313, subcommittee exhibit B, p. 3). As a Panel, it had, with some exceptions, to get the approval of the National War Labor Board in each case. As a Commission, it issued its own orders (H. 659).

[54] The regional boards of the War Labor Board had been unable to solve basic wage problems of the telephone industry under the Board's general wage-stabilization policy. As a consequence, a large backlog of telephone cases resulted. This caused the NFTW to complain (H. 313, subcommittee exhibit B, p.xii). Under the Board's general wage-stabilization policy, increases in wages could be approved on the ground of gross inequities as measured by the so-called bracket wage rates. The regional boards of the War Labor Board, in the words of Mr. McLaughlin, "bogged down" in their attempts to apply the "bracket" theory because, as Mr. McLaughlin said, experience indicated "that the bracket principle of sound and tested rates in a given local labor market area had no direct application when such bracket comparisons would merely compare telephone workers with themselves" (H. 459–460, 660, 667; H, 313, subcommittee exhibit B, pp. iv, xiii).

wage adjustments to correct gross inequities were made without consideration of the established differentials between Bell companies (H. 313, subcommittee exhibit B, pp. 19–20).

The Panel further found that—

A final peculiarity of the telephone industry which creates a special problem in applying Board wage policy on gross inequities arises from the fact that all Associated Bell Companies are part of a single closely woven system. This reflects itself in a wage policy extending beyond the local labor market areas in which the telephone exchanges are located. The policy has had a double focus; it has been concerned with keeping telephone wages in line with local community rates and, at the same time, with relating wage levels and wage changes in the different Associated Bell Companies. Any realistic application of wage policy to the telephone industry must take into account the existence of the Bell System itself. (H. 313, subcommittee exhibit B, p. 16.)

In the actual application by the Telephone Panel and later by the Telephone Commission of the War Labor Board's wage policy on gross inequities in the Bell System, the system's internal wage structure and the existing wage differentials between the various Bell companies were always taken into consideration (H. 659–660, 661). The policy was to grant only such wage increases as would not seriously be out of line with the Commission's bracket wage rates and would not seriously disrupt the interrelationships of wage rates in the Bell System (H. 660, 661). Mr. Pearce Davis, Chairman of both the Panel and the Commission, in explaining the application of the War Labor Board's wage policy in the Bell System to gross-inequities cases, had this to say at a conference with Bell System management at the Hotel New Yorker on May 22, 1945. (See p. 14 of the verbatim record of that conference.)

When we got past that point (establishing what we called the "stabilizing range," from the bracket rates) we took a pattern of the differentials. That is to say, the intracompany, intrasystem relationships. And wording is quite careful on that point. We say we are not proposing to restore the 1941 differentials; we will take account of differentials, and I think the cases we have turned out so far indicate to you the modulating influence of the differential portion of the analysis.

Just as it is true that you cannot cut a piece of paper with one blade of the scissors, so you cannot read the policy report and guess what you are going to get unless you look at and use the other blade of the scissors. One blade is the stabilizing range, and the second blade is, of course, the appropriate differentials (H. 661).

The effect of considering the wage differentials between the Bell companies was to give some Bell System workers more of a wage increase than a strict application of the Commission's wage bracket would have warranted and to give less of an increase to others, the purpose being not to unstabilize relationships in the Bell System while stabilizing wages paid to telephone workers under wartime conditions with wages paid other workers in the same community (H. 661, 662).

Recognizing the existence of these wage differentials between the Bell companies and their effect upon the whole wage structure of the system, the unions since 1947 have been attempting to bargain on wages at a system level of management that would enable the bargaining negotiators to give effective consideration to system wage interrelationships, since those relationships have their effect upon wage negotiations down to the smallest departmental bargaining unit in the system (H. 134, 314–321; see pp. 16–17, supra.) Under present conditions, long, frustrating delays are encountered in the bargaining sessions while A. T. & T., through its "advice" and "suggestions," is coordinating the system's bargaining in such a manner as to insure

that these system wage relationships are maintained. (See pp. 7–14, 16–17, 21–25, supra.) The result has been that, after long delay and the engendering of bad labor-management relations, a wage pattern finally emerges in one part of the system and is generally followed throughout the system.[55] (See pp. 11–14, supra.)

THE BELL SYSTEM PENSION PLAN

The subject of pensions has generated as much dissension in labor-management relations in the Bell System as any issue upon which the unions have tried to bargain with Bell System management. The unions have been completely frustrated in their efforts to bargain on pensions (H. 81, 82, 99, 282). President Beirne of CWA testified that the subject of pensions was one of the major issues in the Nation-wide strike of 1947, and Mr. Moynahan testified that unions within the alliance have met with such futility in their attempts to bargain with local management that in each of the years since 1943 the unions have been appealing to the stockholders of A. T. & T., through resolutions presented at annual stockholders' meetings, to do something to improve the pension plan and its administration [56] (H. 82, 286).

This impasse at which the unions find themselves when trying to bargain on pensions exists notwithstanding the fact that the courts have held that the pension issue is a proper subject matter for bargaining (*Inland Steel* v. *N. L. R. B.*, 170, Fed. (2d) 247 (C. C. A., 7th); certiorari denied, 336 U. S. 960).

At the hearings, the management witnesses acknowledged the obligation of the Bell System companies to bargain on this subject (H. 104, 283, 353, 420, 483). Nevertheless, there has never been any real bargaining on the part of the Bell companies.[57] As shown above, the individual pension plans of the companies have been changed on many occasions, and each time the change has been uniformly and unilaterally made by the companies (H. 357; see pp. 13–14, supra). In November 1949, when all the companies, at the same time increased their minimum pensions from $50 to $100, the companies, by design, failed to inform the unions until after the change had been made (H. 79–84, 288–289; see p. 23, supra). The manner in which this change was made in calculated disregard of the fact that unions were, at the time, actually bargaining on the pension issue, caused bitter union resentment, and resulted in many unfair labor practice charges being filed with the NLRB by various unions in the system (H. 89, 290).

In large measure, this frustration and the consequent bad labor relations have resulted from the necessity of having to bargain on a

[55] In the 1947 bargaining negotiations, the 49 unions in NFTW included in their demands 10 items that affected all employees in the system and upon which it was not practicable to bargain on a local-company basis. (See p. 16, footnote 30, supra.) The Federation of Telephone Workers of Pennsylvania, an independent union in the Pennsylvania Telephone Co., has also presented 10 similar items that it believes needs to be bargained out on a system-wide or national basis (H. 322).

[56] Administration of the pension plans of the companies has been vested in an employees' benefit committee, whose members are all management executives; the nonmanagement employees have no representation on the committee (H. 95–98). The committee has wide discretionary powers. It has sole power to determine whether certain classes of employees are entitled to receive pensions, and can even force retirement against the wishes of the employee. It also has the power to make changes in the plan, subject to the consent of the board of directors (H. 95–98, 108). The unions resent their exclusion from the administration of a program that affects so directly the interests of the employees they represent (H. 97–99). It was resentment of compulsory retirement that gave rise to the Inland Steel case, supra.

[57] As an indication that the companies bargained on pensions, management witnesses point to a clause in a number of contracts known as "the Pacific clause," which provides, in effect, that no change can be made in the company's pension plan without the union's consent which would reduce or diminish the benefits or privileges provided thereunder (H. 774, subcommittee exhibit H, p. 1025). This clause was originally ordered by the National Telephone Commission to be placed in Bell company contracts, over bitter company opposition (H. 97; 774, subcommittee exhibit H. p. 1025).

local company level with respect to a plan which was designed to be operated, and is operated, on a system-wide basis (H. 83, 86, 95, 98). As previously mentioned, while each Bell System company has a pension plan, all the plans are identical and are, in effect, merged into one general system plan through the terms of an agreement which each company has with A. T. & T., whereby employees can transfer from company to company without losing their pension rights [58] (H. 78, 95, 98, 279, 280; H. 346, Pacific Co. exhibit 1; see pp. 13–14, 23, supra).

So long as this contractual arrangement exists, it is unrealistic to believe that there can be any true collective bargaining on pensions on a local departmental or company level, because the express terms of the pension plans, which require the plans to be in conformity with the A. T. & T. master plan, prevent the local company from negotiating any agreement with the union which would destroy the unity of the pension system [59] (H. 78, 817–819). Until this contractual arrangement can be terminated, the companies are not free to make individual company plan changes; and management witnesses testified that the advantages of the uniformity of the plans make it highly unlikely that the interchange agreement will ever be terminated by any of the Bell System companies (H. 352, 422).

CONCLUSIONS AND RECOMMENDATIONS

The record shows considerable evidence that bad labor-management relations exist in the Bell Telephone System. These relations appear to be getting worse. Strikes and threats of strikes are becoming more frequent. The Bell System is an integrated, national network of communications vital to the health, wealth, and security of this Nation. It is the obligation and responsibility of both management and labor "to recognize under law one another's legitimate rights in their relations with each other," and above all, to recognize that neither party has any right "to engage in acts or practices which jeopardize the public health, wealth, safety, and interest."

The Bell System, the wealthiest and largest employer in this Nation, must recognize that it has an obligation under the law to allow its employees to select labor organizations of their own choosing. It is not the responsibility nor the right of the Bell System to influence its employees in the selection of their collective-bargaining representatives; neither is it the responsibility nor the right of the Bell System to interfere in the internal affairs of its employees' unions, with a view to building up what it may conceive to be "responsible" union leadership. It is not a proper management concern that the unions grow to become the kind of labor organizations that Bell System management would like them to be. It is a proper public concern that these

[58] Each company pension plan contains the following identical provision: "Sec. 9. Agreement may be made by this company with the American Telephone & Telegraph Co. for an interchange with that company and its associated or allied companies, of the benefit obligations to which such companies may be subject under plans for employees' pensions, disability benefits and death benefits similar to that herein adopted. The general provision of such agreement will be:

"*a*. That as long as such agreement will be in force the plan herein adopted shall be maintained by this company so as to conform to the plan of the American Telephone & Telegraph Company * * *". (H. 78; H. 346, Pacific Co. exhibit 1).

Pursuant to this provision, which recognizes the coordinating control of A. T. & T. in pension matters, interchange agreements have been entered into by A. T. & T. with each of the associated companies, which contain provisions for the interchange of service credits of employees; for the payment of benefits; and for continuing conformity of the company plan with A. T. & T.'s plan (H. 817–819).

[59] President Sullivan of the Pacific Co. testified that uniformity, while desirable, was not indispensable and that collective bargaining on pensions at the local company level was practicable, although his company took a diametrically opposite position before the National Telephone Commission in 1945, at which time, the company opposed any bargaining on pensions on the ground that "the plan was so constituted, because of the interchange agreement, that any change in the plan by any company would impair the whole plan." (H. 346; H. 774, subcommittee exhibit H. p. 1025.)

unions are independent of the system and its influence, that they may better represent the separate interests of the system's employees. A great monopoly like the Bell System, which is entrusted with the power of operating the Nation's telephone communications system, so necessary to the welfare and security of our people, owes to the Congress of the United States the obligation to obey the spirit as well as the letter of the law. If the Bell System truly desires good relations with the labor organizations representing its employees, as management witnesses profess it does, and as the interests of the country demand, then it must deal honestly and in a forthright manner with the chosen representatives of its employees.

On the other hand, the unions must realize the tremendous power they can wield for good or evil. As they grow in strength and power, they must assume correspondingly greater responsibilities to the employees they represent, and to the Nation they serve.

The vital importance to this country of this great medium of communications demands the use of the utmost restraint on the part of both management and labor in the exercise of their respective economic powers. Not until both management and labor determine to sit down at the bargaining table with a sincere and honest purpose to negotiate fair and reasonable agreements, can there be any hope in the future for industrial peace in the Bell System. It must never be forgotten that transcending the rights of the Bell System and transcending the rights of the unions is the paramount right of the public to have this great system of telephone communication, upon which our domestic economy is so dependent, operated without serious interruption, particularly in these times when the future of the Nation calls for the utmost unity in the functioning of our whole economy.

To assist in the achievement of good labor-management relations in the Bell System, the subcommittee, after thorough study and full consideration of the record, has arrived at the following additional conclusions, and with respect thereto makes the accompanying recommendations to the Senate Committee on Labor and Public Welfare:

1. The basic cause for the bad labor-management relations in the Bell System revolves around the collective-bargaining process, and the inability of the unions to bargain at a level of management which possesses the responsibility and authority to make final decisions. We have seen that in this closely integrated system matters such as wages and pensions cannot be adequately dealt with at a local management level, where only a part of the problem can be considered. The subcommittee believes very definitely that A. T. & T. cannot expect to contain collective bargaining within small segments throughout the system while it makes system-wide decisions for piecemeal application to those segments. When A. T. & T. has bargained with CWA on system-wide issues, negotiations have been successful.

The subcommittee is not impressed with the claims of management that bargaining can be more effective on the departmental level. The Southern Co. covers 9 whole States with 11 different wage areas and 600 different communities; yet, bargaining for the whole company is done at one table where negotiations are carried on to cover the entire 9-State area. And, in the long-lines department of A. T. &. T., which operates throughout 41 different States and the District of Columbia, bargaining is coordinated for all five of its major departments by only one chief negotiator.

Some of the unions in the alliance have urged that this subcommittee find some way in which the Bell System can be required to bargain on the local associated company level. But in view of the closely integrated nature of the system itself and the controlling influence of A. T. & T., the subcommittee believes that it is utterly unrealistic to expect the parent A. T. & T. to relax the control which it has by the economic fact of stock ownership and by the political fact of the election of company boards of directors and the selection of company officers. The subcommittee strongly believes that A. T. & T. should do the bargaining with the unions on national issues such as wages and pensions which extend beyond any departmental or associated company bargaining unit. With this view, even some of the unions within the alliance appear to agree.

CWA has presented to the subcommittee a proposed amendment to the definition of the term "employer" in the Labor-Management Relations Act of 1947, which it believes will accomplish this objective. This proposal, which the subcommittee transmits for the consideration of the Senate Committee on Labor and Public Welfare, would amend section 2, paragraph (2) of the Labor-Management Relations Act of 1947 to read as follows:

(2) The term "employer" includes any person acting as agent of an employer, directly or indirectly*; and any person who, directly or indirectly, controls the labor policies, activities or decisions of any employer through ownership, stock ownership, stock control, membership, association, affiliation or other similar device or agreement.*

Any person who owns beneficially, either directly or indirectly, more than 25 per centum of the voting securities of an employer shall be presumed to control the labor policies of such employer, provided, however, that such presumption may be rebutted by evidence.

The term "employer" shall not include the United States or any wholly owned Government corporation, or any Federal Reserve Bank, or any state or political subdivision thereof, or any corporation or association operating a hospital, if no part of the net earnings inures to the benefit of any private shareholders or individual, or any person subject to The Railway Labor Act, as amended from time to time, or any labor organization (other than when acting as an employer), or anyone acting in the capacity of officer or agent of such labor organization. (CWA's proposal is contained in the italic portion of the above definition.)

Other limitations to the existing definition of the term "employer" are discussed in the Report on Labor-Management Relations in the Southern Textile Industry.

2. One of the greatest contributing factors to the existence of bad labor-management relations in the Bell System was shown at the hearings to be the frustration that has resulted from the long, drawn-out bargaining negotiations that now take place in the system. Management negotiators will confer and discuss union demands for months without getting down to serious bargaining. Six or seven months of bargaining is not unusual, and in one instance, the union went without a contract for 2 years. These strategies and tactics have resulted in strikes. This Nation cannot afford strikes in this system.

Prior to the Labor-Management Relations Act of 1947, the National Labor Relations Board could investigate such breakdowns in the bargaining process and determine whether the parties were bargaining in good faith. The incorporation in section 8 (d) of the Labor-Management Relations Act of 1947, of such language as the word "confer" and the clause "but such obligation does not compel either party to agree to a proposal or require the making of a concession,"

has caused the National Labor Relations Board to avoid consideration of what actually takes place at the collective-bargaining negotiations. (See *Anchor Rome Mills, Inc., and Textile Workers Union of America, C. I. O.*, 86 N. L. R. B. 1120, and the subcommittee's report on Anchor Rome Mills, Inc., p. 13.) The result is that employers, such as the Bell System management, are taking advantage of the provisions of section 8 (d) to come to bargaining negotiations without any intention of actually participating in the bargaining process, but rather merely to satisfy the formalities of the act by being present. The subcommittee has encountered these employer tactics and practices in other industries, as well as in the telephone industry. In the subcommittee's recent investigation of the textile industry, the refusal of an employer to do more than attend bargaining sessions and enter into discussions caused the breaking of a union, which resulted in gunplay and bloodshed. We have seen that strikes have occurred in the telephone industry as a result of the advantage which the employers are taking of the act by hiding behind the protection afforded by the language of section 8 (d). The subcommittee strongly recommends that the language of section 8 (d) be reconsidered with a view to eliminating the present loophole through which the collective-bargaining requirements are being circumvented.

3. Another cause for the bad labor-management relations in the Bell System has been the "captive audiences" that employees in certain of the Bell System companies have been required by the companies to attend on working time. During CWA's recent membership referendum on the union's change in its internal structure, members of the union, as well as other employees, were required to listen to the defamation of the union's leadership; and sectional prejudices were played upon to influence the employee union members to vote against the union's internal structural change. The record here bears out the viciousness of the "captive audience" device which is permitted under section 8 (c) of the act, a device which is used in many other segments of American industry to frustrate collective bargaining. The subcommittee, therefore, on the basis of this record, renews the recommendation which it has made in its report on the American Thread Co., Tallapoosa, Ga., that section 8 (c) be repealed.

4. The need for better wage statistics was stated at the hearings by both management and unions. We have seen how much controversy has been engendered in bargaining negotiations because of the lack of uncontroverted wage data. The same lack of basic data has been noted in all other investigations undertaken by the subcommittee. The subcommittee recommends that a study be made of the adequacy of the statistics published by the United States Bureau of Labor Statistics, to determine whether such statistics are adequate for collective bargaining purposes, and if not, to determine what action Congress should take for their improvement.

JAMES E. MURRAY.
LISTER HILL.
MATTHEW M. NEELY.
PAUL H. DOUGLAS.
HUBERT H. HUMPHREY.
HERBERT H. LEHMAN.
JOHN O. PASTORE.
WAYNE MORSE.

MINORITY VIEWS OF MR. TAFT, MR. SMITH OF NEW JERSEY, AND MR. NIXON

The undersigned members of the committee having read the hearings conducted on the "state of the collective bargaining of the telephone company" dissent from the conclusions reached by the majority, and on the recommendations proposed for amendments in the Labor Management Relations Act. The substantial recommendations of the majority seem to be as follows:

1. That section 8 (c), the section which insures the right of free speech to employers and unions, be repealed.
2. That the definition of collective bargaining in section 8 (d) be amended to conform in substance with the provisions of the Wagner Act.
3. That collective bargaining in the telephone industry should be on a Nation-wide basis.

This latter recommendation does not seem to require any amendment to the act, but it forms the principal subject of the report.

1. FREEDOM OF SPEECH

The majority has recommended the repeal of section 8 (c) of the act. That is the section which reaffirms for employers and unions alike their right of freedom of speech. We know of no section of the act which has commanded more general approval from the press and the public. The American people believe that every American citizen is entirely competent to make up his own mind after listening to arguments from all sides and that in making up his own mind every channel of information ought to be open to him.

The law is clear enough that there must be no threat of force or reprisal or promise of benefit in any expression or dissemination of views, argument, or opinion. Adequate remedies are available against any employer overstepping these reasonable limitations. The free exchange of ideas is a keystone of democracy. Unions are not, must not be, restricted in their right to reach employees through union publications, conferences, union meetings, or otherwise. Likewise, management must be free to express its views and to discuss any important issues with employees. Whether this is done on company time or otherwise seems immaterial so long as coercion is absent. Nothing presented at the hearings showed that the free-speech principles embodied in section 8 (c) had been misused by the telephone companies. Furthermore, there is no evidence in this record to show that employees were "forced to attend" such meetings or discriminated against if they voluntarily absented themselves.

2. DUTY TO BARGAIN

The majority report concludes that the incorporation in section 8 (d) of the Labor Management Relations Act of such language as "confer" and "but such obligation does not compel either party to

agree to a proposal or require the making of a concession" has permitted employers to satisfy the requirements of collective bargaining by merely going through the motions of attending bargaining sessions and entering into discussions with the union. This is not true.

The majority further states that whereas under the Wagner Act the NLRB could investigate the causes of breakdowns in the bargaining process and determine whether the parties were bargaining in good faith, the language referred to in section 8 (d) of the present law "has caused the National Labor Relations Board to avoid considerations of what actually takes place at the collective-bargaining negotiations." Nothing could be farther from the truth.

The Board itself in its thirteenth annual report, transmitted to the Congress January 3, 1949, took occasion to point out that "the basic elements of a finding of unlawful refusal to bargain appear to have remained unchanged by this definition" referring to section 8 (d). Again at page 61 of the same report, the Board rightfully observes "an employer may meet and negotiate with the union, and yet fail to satisfy his obligation to bargain because he does not enter into negotiations with a sincere desire to reach and sign an agreement. The question of good or bad faith is primarily one of fact and turns on the circumstances surrounding bargaining negotiations in each case." [1] Furthermore, in each case of alleged refusal to bargain in good faith arising under the present law, the Board has carefully examined what actually took place in the negotiations and has repeatedly brushed aside surface indicia to determine whether in fact the parties intended to bargain in good faith.[2]

The subcommittee majority has pointed to nothing in the present record indicating any need for amendment of section 8 (d). As noted above, the alleged "loopholes" referred to by the majority do not exist; the present law as interpreted by the NLRB affords adequate remedy against any claimed bad faith at the bargaining table on the part of either the employer or the union. The record does not indicate that the telephone companies have taken advantage of section 8 (d) to avoid their duties at the bargaining table.

The position of union officials has always been that when the union makes a demand, the employer must make a counteroffer better than the existing wage. Of course this cannot be true. An employer may in perfectly good faith feel that under economic conditions then existing, he cannot increase in any way the payments he is making. The whole question is whether or not he is acting in good faith.

We see no reason whatever to change the definition contained in section 8 (d).

3. NATION-WIDE BARGAINING

The majority of the committee conclude that—

> The Bell System cannot expect to contain collective bargaining within small segments throughout the system while it makes system-wide decisions for piecemeal application to those segments. When A. T. & T. has bargained with CWA

[1] The Board reaffirmed this interpretation of the amended act in its fourteenth annual report transmitted to the Congress January 2, 1950.

[2] For example, in *Matter of Tower Hosiery Mills, Inc.* (81 NLRB No. 120, enforced 180 F. 2d 701 (CA–4, 1950)), the Board stated:

"The respondent, it is true, went through many of the motions of collective bargaining. It met on numerous occasions with the union, conferred at great length regarding contract proposals, made concessions on minor issues, and discussed and adjusted several grievances. These surface indicia of bargaining, however, were nullified by the respondent's manifest determination to deprive the union of any voice in determining such major issues as wages, rates, and working conditions. Such conduct on the part of the respondent demonstrates that its participation in discussions with the union was not intended to lead to the consummation of an agreement with the union, but merely to preserve the appearance of bargaining."

on system-wide issues, negotiations have been successful. * * * The subcommittee strongly believes that A. T. & T. should do the bargaining with the unions on national issues such as wages and pensions * * *.

Under the present law, the National Labor Relations Board has considerable latitude in determining appropriate bargaining units and over a period of 15 years has developed well-established principles governing the matter. We believe that if it finds that A. T. & T. dominates the bargaining of all affiliated companies, it could declare the entire Nation-wide system a single bargaining unit. Apparently the purpose of the majority report is to bring pressure on the National Labor Relations Board to take this action. The CWA has not attempted to present the issue to the NLRB. At the hearing the union's chief witness admitted he was afraid he could not make a case for a system-wide bargaining unit. In pressing the issue in this hearing, therefore, the CWA appears to be trying to have the subcommittee usurp the function of the Board or to influence the Board in deciding a case not yet presented to it.

Furthermore, while offering no criticism of existing NLRB rulings regarding the appropriate scope of bargaining units, CWA's president, when asked at the hearing, stated that the union had no legislative amendments to propose to the present law. CWA later presented to the subcommittee its proposed amendment to the definition of "employer" in section 2 (2) of the act. This amendment was presented after the close of the hearings and there has consequently been no opportunity for public discussion.

The change proposed in the definition of "employer" in the act would affect large numbers of employers and unions throughout the country. On any fundamental change of this character, the need for full and adequate hearings is self-apparent and cannot be overemphasized. The proposed definition might well do untold harm to the established and successful bargaining relationships in other industries upon whose problems the sponsors of the amendment of necessity must be completely uninformed. American industry is highly interrelated through stock ownership and many other organizations own substantial interests in American business enterprises.

Specific instances need not be cited of the ownership of more than 25 percent of the stock of a given company by churches, colleges, charitable and educational foundations, and investment companies. The union's proposal would define such an owner as an employer, and because of 25 percent or greater stock ownership, it would impose an unwarranted burden upon such organizations by making it practically impossible to rebut the proposed statutory presumption that such organization exercises control over the labor policies of the company in which it has such a stock interest.

We believe it would be unfortunate to force Nation-wide collective bargaining in the Bell System at the present time, and without full study of the problems raised by Nation-wide bargaining.

In the first place, there is no evidence whatever that Nation-wide bargaining is any more conducive to labor peace than local or sectional bargaining. In fact, we are inclined to believe the opposite when we see the history of Nation-wide bargaining in the coal and railroad industries. Furthermore, it has certain distinct disadvantages. It tends to make a national pattern of all wages without regard for local conditions. And more important, it raises questions of con-

centrations of power which in other industries have presented a threat to the safety and welfare of the entire people.

The problems raised by Nation-wide bargaining have not been solved and the section of the Taft-Hartley law which attempts to deal with major strikes growing out of such bargaining are the least satisfactory sections of the act. Before any change is made in the general methods of collective bargaining in the telephone industry, we suggest that an attempt be made to work out a more satisfactory solution for the whole problem, including the railroad, coal, steel, and maritime industries. Many proposals have been made, but none which have commanded general support. It has been suggested that Nation-wide bargaining continue, but be subject to compulsory arbitration if a bargain cannot be reached. It has been suggested that bargaining be broken down into defined regions. An amendment to the Taft-Hartley law rejected by one vote in the Senate in 1947, proposed that local unions and companies be definitely freed from the domination of any national union, and be permitted to make their own agreements. These and other remedies should be considered by the committee before any action is taken to create another concentration of power in which a small group of union leaders may be able to close down Nation-wide telephone service which has become such an essential part of the American productive system today.

We recognize that the power of the American Telephone & Telegraph Co. to control the labor policy of its affiliated companies does present a problem and some justification for requiring the company to bargain on a system-wide unit. But this condition is not unique as applied to employers. Of equal concern is the fact that international unions such as the steel workers and the auto workers and the truck drivers not only have the power to, but frequently do, dictate the terms and conditions of every collective bargaining contract entered into by their affiliated locals with many completely independent small businesses. This fact was established by abundant evidence presented to the Senate Committee on Labor and Public Welfare and other Senate committees in the Eightieth and Eighty-first Congresses. The steel workers union in particular forbade any local to settle for less than a national wage pattern decreed for the steel industry, even though the members of the local were employed in another industry having no relation to the steel industry.

There are other reasons why Nation-wide bargaining should not be forced on the Bell System at this time.

The demand for the hearings apparently came from the new CIO union, and its obvious purpose is to secure Nation-wide control of telephone labor. This labor organization sought to use the hearings not only as a sounding board to present its version of all sorts of run-of-mine difficulties encountered in its dealings with the employers of its members, but also as a device in furtherance of its program to oust all other unions in the industry and thus achieve sole power. The practical effect of the majority recommendations would be the establishment of the CIO union as the national collective bargaining agency of every employee in the Bell System. If American Telephone & Telegraph rather than the affiliated companies is required to bargain with the CIO it must do so on the basis of an appropriate unit. The bargaining units now represented by the CIO union, ranging from all employees in some affiliates, a craft or department in another affil-

iate, to no representation whatsoever in other affiliates, could hardly be thrown together as one appropriate unit. It appears inevitable that the Board would order an election on a Nation-wide basis and thus eliminate the American Federation of Labor and the various independent unions from the picture. The some 250,000 employees not represented by CWA, many of whom are covered by contracts negotiated by AFL and independent unions would be forced into the CIO no matter how strongly they desire representation by other unions. This CIO union is attempting to accomplish what its older sister unions have brought about in steel, automobiles, and in rubber and what the UMW has accomplished in coal, namely, of concentration of power adequate to shut down at will a business of vital public importance.

In the hearings before this subcommittee, the CWA announced that it was seeking a single Nation-wide bargaining unit composed of all the employees in the Bell System. Mr. Beirne, president of the CWA made clear that union's ambition for a single integrated system-wide bargaining unit as follows (H. 196):

Senator HUMPHREY. If the National Labor Relations Board did make a decision that the A. T. & T. was a unit unto itself, because A. T. & T. has as one of its subsidiaries Western Electric, then the whole system, all employees within the entire system, office employees and long-lines employees and Western Electric, and all of them, would be all included, is that correct?

Mr. BEIRNE. That is correct.

Senator HUMPHREY Are you advocating that now?

Mr. BEIRNE. Yes. I am. I have been urging that.

Senator HUMPHREY. For an integrated unit representing the entire system?

Mr. BEIRNE. That is correct.

Senator HUMPHREY. I just wanted to get the record positive on that.

Mr. BEIRNE. Yes.

The majority report refers to the proposed amendment to the definition of "employer" as one which CWA presented to the subcommittee and which CWA "believes will accomplish its objective."

The amendment was not put forward at the hearings and its merits and demerits have not been the subject of testimony even as to its application to the Bell System. Obviously its terms apply to many telephone companies outside that system and to many other companies in other businesses. Such Nation-wide bargaining would not be in the public interest and would give one union control over the entire labor force of this communications system. It would tend to wipe out the many AFL and independent unions; it would be contrary to the expressed desires of many telephone employees and would put the industry and country at the mercy of a few leaders of one union.

At the present time, there are more than 500,000 employees eligible for union membership in the Bell System. Collective bargaining is carried on through 112 bargaining units, none of which includes employees of more than one company. Of these units, 55 are represented by CWA, 10 by AFL unions, 45 by independent unions and 2 by CIO unions other than CWA. The membership represented at the convention of CWA in June 1950 including representation in non-Bell companies, was reported to be only 210,000. Accordingly, less than one-half of the over 500,000 eligible employees in the system are members of CWA. The testimony shows that there is, in fact, no one union that can speak for all telephone employees (H. 532).

The existing 112 bargaining units have been established by the choice of the employees as they have organized themselves for collec-

tive bargaining. In a number of instances, the units have been certified as appropriate by the National Labor Relations Board. Most of the units, and the general lines of cleavage among them, have been in existence for many years.

In some of the companies, CWA represents all eligible employees and in others representation is divided between CWA, AFL, and independent unions. In three large companies (New York Telephone Co., Bell Telephone Co. of Pennsylvania, and New England Telephone & Telegraph Co.) CWA has no representation (sub. ex. R, H. 805).

If CWA were to obtain the right to represent nationally in a single unit all employees in the Bell System the effect inevitably would be to freeze out all of the other unions which now represent at least 40 percent of the employees. Employees now represented by non-CWA unions have repeatedly refused CWA affiliation in spite of extensive and costly organizing campaigns conducted among them. Furthermore, while these hearings were in progress, the National Labor Relations Board conducted an election among the traffic employees of the New England Telephone & Telegraph Co. (90 NLRB No. 102 (1950)). The CWA lost the election to an independent union by an overwhelming margin (H. 483). If a national unit were to be established, the interests of such competing unions would be sacrificed and the wishes of thousands of employees overridden. It is significant that Edward J. Moynahan, on behalf of the Alliance of Independent Telephone Unions, representing about 100,000 telephone workers in unaffiliated unions, testified (H. 257):

It is the position, too, of the Alliance that so-called *Bell System-wide bargaining would be completely improper* since the largest portion of the Bell System is not represented by any one union. In fact, any recommendation by this committee for system-wide bargaining would fly in the face of the rights that have been assured to the large number of collective bargaining agents throughout the Bell System which have been freely chosen by groups of employees outside of any national union set-up. [Italics added.]

A 1949 NLRB proceeding in Ohio demonstrated in miniature what the majority recommendation would accomplish on a Nation-wide basis. The CWA desired a unit comprising all of the employees of the Ohio Bell Telephone Co. The Board ordered an election on that basis which was won by the CWA. Wiped out entirely in the process was the Southwestern Ohio Telephone Workers, which for many years had represented the employer's plant department in the southwestern part of the State and which had an unexpired contract in effect at the time of the election. This union, having no membership in other parts of the State, could not compete with the CWA in a State-wide election. (See *Ohio Bell Telephone Co.*, 87 NLRB No. 161 (1949).)

The results of the present system of representation do not warrant the freezing out of freely chosen unions by the institution of a system of Nation-wide bargaining. Collective bargaining throughout the period 1940–50 has resulted in substantial wage improvement for telephone workers. The CWA in 1950 issued a pamphlet entitled "Then and Now" which points to the gains made by telephone workers not only as to wages, but as to pensions, vacations, sick leave payments, etc., as a "record to be proud of." The union claims credit for the "good wages and working conditions employees enjoy today" (A. T. & T. ex. B–2, H. 550–552).

This pamphlet is also evidence that wage and working conditions of telephone workers throughout the United States have not been placed in a strait-jacket of uniformity. Increased living costs prevailing in large metropolitan cities are shown to be offset by wage differentials. Other regional and sectional differences are likewise revealed. The need for such variations to meet local conditions would be overlooked or become subordinated if bargaining were conducted on a national basis under the threat of Nation-wide interruption of an essential service.

The majority's report cites as evidence of the merits of centralized bargaining a settlement of a threatened strike which was effected through the efforts of the Conciliation Service of the Labor Department in 1946. Much evidence, partly conflicting, was offered about the meeting brought about by the Conciliation Service between a vice president of A. T. & T. and the president of the NFTW, the predecessor of the CWA. The CWA represented this incident as national negotiations covering a large segment of the telephone industry, which required only 10 hours to produce an agreement that averted a Nation-wide strike. The majority term this "effective system-wide bargaining." It is clear from the testimony, however, that local negotiations over a considerable period of time between the telephone companies and the individual unions representing their employees had defined the area of dispute that existed on wage matters. As a result of these lenghty and widely scattered negotiations, it was then possible for Mr. C. F. Craig, vice president of A. T. & T., to ascertain from Mr. Beirne the amount of wage increases which the national officers of the union would permit their local negotiators to accept. Armed with this information, Craig, after ascertaining the views of the companies involved, advised Beirne that the companies were willing to negotiate in the area of 18 cents an hour, the so-called current national pattern. Thereupon, local negotiations were resumed by the companies with their separate unions, and when it became apparent to the NFTW that such local negotiations were proceeding satisfactorily, Beirne called off the threatened strike. The events of 1946, instead of demonstrating the need for national bargaining on the management side, in fact indicate the facility with which agreements can be secured when union negotiators are freed from centralized union control. Local autonomy on both sides of the table and bargaining in the hands of persons familiar with the prevailing conditions seem to us the most effective method of achieving stable industrial relations.

A Nation-wide bargaining unit, on the other hand, would give one labor organization control over all employees in this vital communications industry, a power not unlike that possessed by the United Mine Workers in the coal industry and the railroad brotherhoods in rail transportation. The United Mine Workers, by strike action almost each year since the war, has cut off or limited the national supply of coal. Railroad strikes, in recent years, prevented only by Federal seizure, have threatened economic paralysis. The demand for industry-wide bargaining in the telephone industry means entrusting to the hands of a few union leaders the power to strangle the voice communication lines of economic life in the United States.

If industry-wide bargaining is extended to the telephone industry, the American people must face the prospect of frequent and paralyzing interruptions of service called by union leaders, who in 1949–50 advo-

cated both strike action, against the desires of their membership, and "jamming" or other forms of sabotage to "completely choke telephone communications in this country" (H. 564). Complete cessation of telephone communications cannot be tolerated. No union today has achieved such a position of power as to enable it to bring about a complete interruption of telephone service or to encourage it to risk the consequences of such an attempt. It would be shortsighted and foolish for the Government to assist the ambition of the CWA to seize such power.

Labor relations in the Bell System

The majority's findings that labor relations in the Bell System are bad has very little support from the evidence. On the contrary, the testimony shows that compared to many industries labor relations are relatively good, and that such difficulties as have occurred have been as much the fault of CWA's officials' drive for a concentration of power in their hands as of the company.

The issue of bad labor relations was originally raised before the subcommittee as an alleged result of the refusal of the Bell System management to bargain on a national basis with the CWA. The accusation was in effect that the employees were restive and dissatisfied because they were frustrated in their efforts to achieve effective collective bargaining. The evidence presented did not support the charge that the union has been unable to bargain effectively or that the employees consider themselves badly treated.

However, the CWA devoted most of its efforts, not to these points, but to attacks on the management as having adopted an antiunion attitude. The testimony in our opinion did not prove this accusation and contributed nothing to the main issues raised at this hearing, since the instances cited neither establish any centralized control of labor policies nor indidate any need for system-wide bargaining. There was a direct conflict of evidence in the testimony presented.

The majority, in concluding that labor relations are bad, is able to point to only a few instances, over a 10-year period, in which the union and the companies had come into serious conflict. The number is surprisingly small when the magnitude of the industry and the opportunities for strife are considered. The record is far better than that of many important American industries. Only one strike of any consequence has occurred in the last 13 years, and the efforts of the union to build up support for a strike in 1950 were unsuccessful.

Among the few points relied upon by the majority as evidence of bad labor relations was the question of representation raised by the Bell System companies on two occasions. The disbanding of NFTW and the formation of CWA in 1947 was conceded by Mr. Beirne to involve a change from one union to another (H. 52). This change required the companies to secure from the newly formed CWA evidence that the employees desired it to represent them as their bargaining agent. Likewise, the affiliation of CWA with the CIO and its amalgamation with the TWOC-CIO in 1949 raised fundamental questions which the employers properly submitted for decision to the NLRB when CWA refused to give proof of majority representation. The positions taken by the companies with respect to affiliation changes do not indicate a record of bad labor relations, but rather a record of respect and recognition for the right of employees to select

or change their own bargaining agents from time to time as they think proper. It is clear that the companies extended recognition and bargained with a new or changed union upon proof that a majority of their employees desired so to be represented.

An additional constitution reorganization designed to vest further power in the national officers and abolish the divisions as bargaining agents is now in prospect for CWA. This will be the third fundamental change in the character of union representation within the brief span of 3 years. Such maneuvers have interfered with stable labor relations and appear to have been a principal cause of such conflict with the employers as has occurred.

The attitude of the CWA as revealed in this accusation that labor relations are bad amounts in effect to a threat that the union will continue to cause trouble until its demand for system-wide power is granted by the employers. This of course may make for bad relations between the employers in the industry, and one particular labor organization. But this is no justification for a system-wide bargaining unit.

However, if labor relations are considered more objectively in terms of the relations between the companies and their employees, as the majority has not done, it appears that labor relations have been good. If conditions of employment were unsatisfactory, as the majority charges, the companies would not be able to attract and keep high-grade men and women in their employ. In fact, employment opportunities in the telephone companies are in demand, and large lists of applicants are available to the companies (H. 370). Many of these applicants have been referred by friends who worked for the companies or are sons and daughters of telephone employees. The rate of turn-over among employees of the companies is very low in comparison with other industries (H. 372, 418). In one company, it was shown that 94½ percent of the company's World War II veterans who returned to civilian employment elected to resume telephone employment (H. 372–373). In another company, having more than 50,000 employees, only six NLRB charges have been filed against it over a 13-year period. Of these charges, only three were filed by the union that represented the employees and all of them were later withdrawn (H. 418). Each of the remaining charges was likewise withdrawn or dismissed without formal proceedings before the Board and the NLRB has never issued a complaint against this company.

To summarize, if labor relations, in any sense of the term, were bad, the record would have shown more grievances, more arbitration cases, more strikes and work stoppages, a greater number of NLRB orders, fewer applicants for employment, a higher turn-over rate, and lower morale. By all these tests the labor relations must be satisfactory to the employees themselves.

Labor relations in any industry doubtless can be and should be improved. In any large business, differences will from time to time arise. However, considering the size of the Bell System and the complexity of its labor relations, surprisingly little "dirty linen" was washed at this hearing. A number of incidents representative of run-of-the-mine local difficulties were dragged in and aired. The record does not establish that such differences as do exist are attributable to the lack of system-wide bargaining.

The majority cite the 1949–50 bargaining negotiations as presenting an "unhappy outlook for labor-management relations in the Bell System if present conditions are allowed to persist." A study of the CIO tactics through this period has convinced us that the prospect would be more unhappy if this union became the sole bargaining agency for all the employees of the system.

The uncontradicted testimony from CWA records shows that throughout the 1949–50 wage negotiations, "all bargaining was under orders from the Washington headquarters" of the CWA and that its negotiators at the bargaining tables with telephone companies throughout the United States were instructed to "double talk" management without naming any specific amount of wage demand. The CWA's program required its negotiators to make an "indefinite demand for wage increase" so as not to be confronted with a situation permitting acceptance or rejection of a wage offer by a telephone company. Division officers were also instructed, according to CWA records, that if "they didn't follow instructions implicitly they would have their political heads chopped off in June" when the CWA's convention met. Other records establish that national leaders attempted to coerce division officers and members into "illegal strike action" and to engage in "illegal acts of sabotage and property destruction" (H. 560).

While these efforts of the CWA to bring about a breakdown of vital collective bargaining processes were being carried on, the CWA continued its threats of a Nation-wide strike allegedly because of the stalling tactics of the company. That these threats were only stage dressing is clearly revealed by a CWA report showing that not one of its experienced leaders felt that a "successful strike would be possible in 1949–50" and indeed "many professed fears that the taking of a strike vote among the membership would result in the decimation of the division" (H. 561).

One of the purposes of the threats was to secure truces brought about by Government agencies in the hope of ultimate intervention by the Government. There was no reluctance on the part of the CWA to agree to these proposed truces because it admitted that "the strategic value to the union of these truces cannot be overemphasized" (H. 561). The rank and file of CWA members manifested no desire to strike and even in some of the divisions where strike votes were carried there was a "shaky situation with regard to the effectuation of a full-blown strike" (H. 561).

All this was a part of the CWA's plan to "drum up considerable furor concerning the possibility of strike action in the telephone industry" so as to secure "Federal fact finding to resolve the wage dispute" rather than to resolve it in good faith bargaining at the conference table (H. 561–562). CWA leaders even attempted to cause work stoppages in various parts of the country but were met with either "considerable reluctance" or with "outright refusal" (H. 562).

Apparently upon the failure to arouse their members to strike action, CWA leaders turned to a program for jamming telephone facilities. Mr. Beirne, president of the CWA, called upon Philip Murray, president of the CIO, for the assistance of all CIO members in what was politely called the "over use" of telephone facilities. This public announcement was supported, according to union records, with

a "confidential memorandum * * * which outlined plans to bring about an almost total and complete cessation of telephone communications in the United States." This memorandum, described by union records as "explosive," made it clear that the CWA leaders felt they had the "knowledge and the facilities to completely choke telephone communications in this country" (H. 564).

Can it be in the public interest to grant such a tremendous concentration of power to leaders of a union who scuttle collective bargaining in attempts to get Federal fact finding and who unabashedly made plans to bring about an almost "total and complete cessation of the telephone communications in the Uuited States"?

In our opinion, this aspect of labor relations in the telephone industry presents a serious potential danger to the national welfare, and even to the national security in the present state of foreign relations.

Alleged A. T. & T. control of labor policies

As previously noted, the National Labor Relations Board will have to decide the question as to whether A. T. & T. controls the labor policies of the operating companies if an appropriate case is brought before it. That Board and not the Senate Committee on Labor and Public Welfare is the proper forum to determine that question. The majority has reached the conclusion that the labor policies of the Bell System companies are dictated and controlled by the A. T. & T. The evidence upon the question was directly conflicting. The majority has cited much of the evidence supporting its conclusions. Without attempting to resolve the issue we believe we should briefly point out some of the evidence to the contrary.

The mere fact that A. T. & T. may have the theoretical legal right to control the associated companies does not determine or indicate that A. T. & T. actually controls the labor policies of the associated companies. Great stress is laid by the majority on a large number of self-evident but inconclusive facts, such as, the size of the Bell System, its tremendous investment in plant, its integrated character, its large financial resources. All of these points prove nothing more than what everyone knows, namely, that the Bell System is a large business enterprise highly integrated in its service-rendering features.

While it is true that majority stock ownership by A. T. & T. gives it the legal power to control other companies in the Bell System, there was a wealth of testimony that A. T. & T. has not exercised that power to control the labor policies of the associated companies but that its historical policy of decentralization has, in fact, been carried out.

The so-called license contracts executed between each of these companies and A. T. & T., in addition to extending licenses under patents, entitles them to receive from the staff of A. T. & T. the benefit of research and development in the field of communications and advice and assistance on all phases of the telephone business. All witnesses for the affiliated companies testified that this information or advice is purely advisory and does not restrict the authority or diminish the responsibility of the officers or directors of the companies. Mark R. Sullivan, president of the Pacific Telephone & Telegraph Co., testified that the advice and information on labor relations received by his company had never caused him to make or change a final decision, and that the advice had never taken the form of an order (H. 343).

Other officials of other operating telephone companies, men who are best qualified to testify about their relations with the parent company, gave testimony to the same effect. W. C. Bolenius, vice president of A. T. & T., stated that his staff dealing with labor and personnel matters "neither has, nor assumes, any power of direction of telephone operating matters" (H. 530), and that the use of information or advice supplied by his staff to the telephone companies "depends on their own decisions as to the advantages and disadvantages to their companies" (H. 532).

Witnesses for the operating companies testified specifically that their authority in determining labor policies of their companies and in negotiating contracts with the various unions representing their employees was not limited, restricted, or directed in any fashion by A. T. & T. They testified that they reached their own decisions on the basis of their own judgment and their appraisal of local conditions peculiar to the territories in which they operate, and that in no instance had they ever been directed by anyone in A. T. & T. in such matters (H. 341–344, 397–398, 453).

The majority also state that centralized control of labor policies is evidenced by the uniformity said to exist as to the contract provisions and labor practices in effect in the various companies. It is not uncommon for employers in a particular industry to follow similar labor policies and practices, frequently at the demand of unions. For example, unions in other industries have in recent years attempted to obtain concessions from one employer, usually the largest in the industry, and then to force all others to follow the pattern so established. Similarly, unions in other industries have recently laid great stress upon the need for uniform pension arrangements within an industry or locality so as to enable their members to change employment without losing service credits for pension purposes. Significantly, Bell System companies have maintained such an interchange of pension benefit arrangements within the Bell System for many years, a factor now cited by CWA as proving centralized control of labor policies.[3]

As in most other industries, there have been so-called "rounds" of postwar wage increases in the Bell System. In 1946 an increase of 18½ cents per hour was proposed by President Truman personally to settle the steel strike, and this White House formula became widely applied in American industry. The Bell companies in that year settled with unions of their employees for increases approximating the recognized pattern. Contrary to the view of the majority, the wage adjustments subsequent to 1946 in the Bell companies have not shown such uniformity. For example, in 1948 wide variations in wage adjustments both as between companies and within companies are readily apparent from A. T. & T. exhibit B–1 introduced by Mr. Bolenius. Such similarities as exist in wage adjustments, working conditions, and contract provisions among the Bell com-

[3] It is recognized that the problem of bargaining in a number of companies upon uniform pension plans presents difficulties. A similar difficulty is inherent, as the NLRB recognized in the *Inland Steel* case (77 NLRB 1 (1948)), in all bargaining with different unions over a uniform pension plan, even within a single company. We do not agree with the majority that this problem in the Bell System demands centralized bargaining for its solution or that the agreements for the interchange of pension rights among the companies must render bargaining by the individual companies a futility. The testimony of the telephone company witnesses is that the advantage of interchanging pension rights could be retained even if some variations developed in the plans of different companies in consequence of bargaining with the unions. Changes could be made in the present interchange agreements to adjust them to any differences in pension provisions that seem likely to arise and the testimony indicated that the companies are able to bargain freely and separately on pensions.

panies may be attributable to the uniform demands of the unions, particularly the CWA, and to the give and take of collective bargaining, and not to any centralized control exerted upon the companies.

GENERAL CONCLUSIONS

Very briefly stated, our conclusions based on these hearings are:

1. There is no reason to repeal the free speech provisions of the Taft-Hartley law.
2. There is no reason to repeal the section of the Taft-Hartley law defining collective bargaining in good faith.
3. Nation-wide bargaining should not be imposed on the telephone industry until and unless the whole subject of such bargaining and concentration of power and control in the labor field is studied and more effectively regulated than at present.
4. No legislative problems were directly presented to the committee, and no legislative recommendations are warranted or appropriate, until such complete study has been made.

ROBERT A. TAFT.
H. ALEXANDER SMITH.
RICHARD M. NIXON.

ADDITIONAL INDIVIDUAL VIEWS OF MR. SMITH OF NEW JERSEY

Since I am not a member of the Subcommittee on Labor-Management Relations, I did not participate in the hearings upon which this report is based, or in the preparation of either the majority or minority views. I want to emphasize, furthermore, that the full committee has not thoroughly considered and discussed the fundamental labor-management problems dealt with in these hearings. On the basis of a careful reading of the majority and minority views, however, I concur with the latter and wish to submit these supplemental observations.

While this report undoubtedly contains information that will be helpful for the Labor Committee, I seriously question the desirability of publishing for general circulation subcommittee reports on investigations of specific collective-bargaining relationships. This is especially true in cases, such as the one described in this report, where the issues are highly controversial and involve a relationship where there is considerable tension. The majority report contains findings of fact and recommends legislative remedies that seem to be generally in agreement with the position taken in the hearings by the largest union in the industry and strongly opposed by all of the companies and some of the smaller unions. In my judgment, the publication of such a report may well interfere with the course of free collective bargaining in the industry.

Furthermore, many of the problems discussed in this report are fundamental to labor-management relations generally, and cannot be intelligently studied and kept in proper perspective when viewed only in the light of a specific case. For example, the question of Nation-wide bargaining is one that applies to many industries and one that we have not yet found an adequate answer for. This vital fact is lost sight of when a report is published covering a single labor-management relationship, with only incidental reference to similar problems in other relationships.

The danger of publication becomes particularly evident when the report is approved by and printed as a report of the full committee rather than merely as a report of the subcommittee, which, in fact, is what it actually is. The full committee has not yet thoroughly discussed and considered the issues raised in this investigation and has given only cursory consideration to the legislative remedies recommended by the majority. In spite of this, the report has already been publicized by the press in such a way that it appears to the country that the committee has made conclusive determinations on the merits of the dispute and on the corrective action that should be taken.

Finally, I wish to emphasize that if the proper functioning of the Senate Labor and Public Welfare Committee is to be preserved, subcommittee investigations should, to the greatest extent possible, serve as objective studies of facts for the use of the full committee in determining whether those facts indicate the need for legislative remedies. If this principle is not scrupulously followed, such investigations will inevitably become mere sounding boards for opposing parties to a dispute, each determined to use the investigation and the subsequent report to influence the course of collective bargaining in its favor.

H. Alexander Smith.

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